

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

AGREEMENT

THIS AGREEMENT ("Agreement") is entered into this 28 day of January, 1992, by and between York County, South Carolina (the "County"), and Carolina Water Service, Inc. ("CWS"), a Delaware corporation:

RECITALS

WHEREAS, the County has the authority to construct both water and sewer systems, and grant franchises to others to provide water and sewer service, under the provisions of §§ 7-175 through 7-182 of the Code of York County, as amended; and

WHEREAS, CWS intends to apply to the County for a non-exclusive franchise to provide both water distribution and sewage collection service to all customers within the area described in Exhibit A (hereinafter referred to as the "CWS Service Area") in accordance with the terms and conditions of this Agreement; and

WHEREAS, the County intends to provide wastewater transportation and treatment service within certain areas of York County, including the entire CWS Service Area; and

WHEREAS, the County intends to provide water supply and/or distribution services within certain areas of York County, including the entire CWS Service Area; and

WHEREAS, the County intends to lease from CWS the wastewater treatment facility owned by CWS and commonly known as the River Hills Wastewater Treatment Plant and the River Hills elevated storage tank; and

WHEREAS, CWS consents to the provision by the County of wastewater transportation and treatment services within the CWS Service Area as well as the provision of potable water within the CWS Service Area; and

WHEREAS, the County intends to transport all wastewater generated in the CWS Service Area to the City of York and to purchase treated potable water from the City of York subject to the terms, conditions and limitations contained in a separate contract between the County and the City of York; and

WHEREAS, CWS desires to accept bulk water service from the County within the CWS Service Area in accordance with the terms and conditions contained herein, and the County desires to provide the same when it is available.

NOW, THEREFORE, for and in consideration of the mutual covenants and undertakings contained herein, the parties agree as follows:

ARTICLE I

OBLIGATIONS OF THE COUNTY FOR SEWER

1. The County agrees to install, construct and/or contract for the following sewage facilities and services:

A. A sewage pump station to be constructed by the County at County's sole cost and expense upon land owned by CWS and leased to the County, designated as the River Hills Sewage Treatment Plant site (such site description attached hereto as Exhibit B).

B. Sewage force main lines in the CWS Service Area of

sufficient size and capacity to transport all sanitary sewage from the CWS Service Area to sewage treatment plants either owned by or contracted for by the County.

C. Sewage treatment capacity sufficient to provide sanitary sewage treatment services for sanitary sewage generated within the CWS Service Area.

2. The County agrees to maintain, operate, and repair all County-installed pump stations and sewage force mains at no cost or expense to CWS except as specified in Article I, paragraph 5 herein, exclusive of any damage caused by CWS. CWS shall give the County fifteen (15) days notice of any taps to the force main. CWS will notify the County immediately of any breaks in the line.

3. The County agrees to enter into a twenty-five (25) year lease with CWS for use of the land described in Exhibit C and the exclusive County use of the existing CWS sewage treatment plant located on such site as a flow equalization facility, and to operate, maintain and repair said facilities during the term of the Lease, excluding maintenance and repair of any damage caused by CWS.

4. The County agrees to grant a twenty-five (25) year lease to CWS for use of the sewage force main to be constructed by the County within the CWS Service Area.

5. The County agrees to provide the above-described sewage transportation and treatment to CWS for a fixed monthly rate per Single Family Equivalent ("SFE") estimated at Eighteen (\$18.00) Dollars. The actual rate shall be determined upon the receipt of

construction bids and the sale of revenue bonds. Said rate as so determined shall remain in effect for a minimum of one (1) year from the date service is initiated and may be adjusted thereafter from time to time. Additionally, CWS shall be entitled to a Most Favorable Wholesale Sewage Transportation and Treatment Rate such that no other wholesale customer on this system, including private and public entities, shall receive a lesser rate for comparable services; provided, however, that this provision shall not apply to any commercial or industrial customer that contributes substantial capital contributions to the construction of any segment of the sewer system.

6. The County agrees to allow new CWS customers to contribute sewage to the County's system upon purchase of a tap certificate from the County in an amount as determined by the County from time to time.

7. The County agrees to allow existing CWS customers physically connected to the system and owners of lots contiguous to existing CWS sewer mains on the date of this Agreement located in the River Hills, Forest Oaks and Hamilton Harbor Subdivisions to contribute sewage to the County's system without payment to the County of any tap certificate fee whatsoever, unless such customer has a change in service requiring a new tap. The River Hills, Forest Oaks and Hamilton Harbor subdivisions exempted from the payment of tap certificate fees under this paragraph are shown and described on Exhibit C attached hereto.

8. The County agrees to allow CWS to expand its sewage

collection facilities, either directly or through developer agreements, so as to serve customers not presently served by CWS but which are located in the CWS Service Area, in accordance with the preceding four (4) paragraphs of this Article, subject, however, to the terms and provisions of applicable County Ordinances, such franchise as may be granted to CWS by York County, applicable rules, regulations and orders of the Public Service Commission; applicable rules, regulations and order of the Department of Health and Environmental Control; and any other applicable Federal, State or local laws.

9. The County agrees to maintain and keep in force comprehensive insurance covering the County's construction activities and operation of the River Hills Wastewater Treatment Plant (the "RHWTP"), in an appropriate amount for the applicable risks involved, including builders' risk, public liability, casualty, fire, property damage, and workers compensation coverage.

ARTICLE II

OBLIGATIONS OF CWS FOR SEWER

1. CWS agrees to provide to the County a list of customers connected to the sewer system in the CWS Service Area as of the date the Agreement is executed, the size of each tap, and the customer classification, i.e., residential, commercial, industrial, etc. Supplemental customer lists shall be provided on a bi-monthly basis to include connection date, size and classification. In addition, CWS will, from time to time, keep the County informed as to the status of the existing system as well as potential new

connections to the system for planning and administrative purposes.

2. CWS agrees to retain ownership of the collection system in the CWS Service Area and agrees to pay the County such transportation and processing fees as set forth in this Agreement.

3. CWS agrees as part of this agreement that the County has the right to set sewer rates for wholesale service provided by the County to CWS.

4. CWS agrees to pay to the County, within ten (10) days after they are billed, the total fees owed to the County for the previous bi-monthly service. CWS agrees to make an initial one month payment in advance to the County at initial start up. Thereafter, CWS agrees to pay all fees, rates and charges for services bi-monthly. These fees shall be computed as set forth in this Agreement. If the fees are not paid within thirty (30) days following the end of the billing period, a late charge of one and one-half per cent (1.5%) shall be levied against the total amount due. If the fees are not remitted within sixty (60) days of the due date, then, upon ten (10) days after sending written notice by certified mail, return receipt requested, the County may withhold its services hereunder, until such payments are remitted. If legal action is required to collect any accruals, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt. If provisions of the York County Code relating to terms of service, payment of fees, rates and charges, late charges or disconnection or discontinuance of service are amended, this agreement shall be deemed amended to the extent

required to conform to the York County Code.

5. CWS agrees that the County shall have the right to require commercial and/or industrial customers to install pre-treatment facilities to improve the quality of the sewage to such acceptable standards as are set forth in the county pre-treatment ordinance and/or policy relating to this system.

6. CWS agrees to operate and maintain the wastewater collection system within the CWS Service Area in accordance with requirements of the South Carolina Department of Health and Environmental Control ("DHEC") and furnish to the County copies of all reports as are required to be submitted to DHEC thereunder.

7. CWS agrees to lease to the County the land and improvements known as the RHWTP for exclusive use by the County in providing wastewater transportation and treatment service from the CWS Service Area throughout the term of this Agreement. The County will construct, operate, and maintain (at the County's sole expense) pumping facilities at the RHWTP. The RHWTP shall be used by the County as a flow equalization basin for raw sewage. The County shall remain solely responsible for the operation and maintenance of the RHWTP throughout the term of this Agreement, commencing with the termination of the wastewater discharge by the RHWTP into Lake Wylie.

8. In consideration of CWS' lease of the RHWTP to the County, the County shall lease to CWS the use of the sewage force main to be constructed by the County within the CWS Service Area. CWS agrees to use due diligence in its use of the County's sewer

force mains. If CWS or CWS contractors damage said sewer force mains, CWS will promptly reimburse the County for all associated repair costs. In the event the County ceases to use the RHWTP, CWS shall, nevertheless, retain the right to use the said collection trunk line during the twenty-five (25) year term of this Agreement without the payment of any additional consideration other than is provided for herein.

9. The consideration for the leases described in paragraphs 7 and 8 above is the mutuality of the leases themselves such that neither the County nor CWS shall pay to the other any lease or rental payments or any other consideration whatsoever for the leases described in paragraphs 7 and 8 above, other than the mutual promises and undertakings contained herein.

10. CWS acknowledges that CWS must obtain from York County a franchise to provide sewer service throughout the CWS Service Area. This Agreement is, accordingly, conditioned upon the granting of said franchise to CWS substantially in the form shown as Exhibit D attached hereto.

11. CWS hereby agrees to act as agent for the County in connection with the sale of the County tap certificates and shall remit the fees from the sale thereof to the County on a bi-monthly basis. CWS agrees that it will not connect any customer within the CWS Service Area without first determining that such customer has purchased a sewer tap certificate in accordance with the terms of this Agreement.

ARTICLE III

OBLIGATIONS OF THE COUNTY FOR WATER

1. The County agrees to install, construct and/or contract for the following potable water facilities and services:

A. A high service water pump station to be constructed by the County at County's sole cost and expense to transport potable water to the CWS Service Area.

B. Potable water transmission lines in the CWS Service Area of sufficient size and capacity to transport all water to the CWS Service Area from the water supply/source either owned by or contracted for by the County.

C. Potable water treatment capacity sufficient to provide for water demands generated within the CWS Service Area.

2. The County agrees to maintain, operate, and repair all County-installed high service pump stations and transmission mains owned by the County at no cost or expense to CWS except as specified in Article III, paragraph 5 herein, exclusive of any damage caused by CWS. CWS shall give the County fifteen (15) days notice of any taps to the water main. CWS will notify the County immediately of any breaks in the line.

3. The County agrees to enter into a lease with CWS for use of the elevated storage tank which is described in Exhibit E, and to operate, maintain and repair said facilities during the term of the lease, excluding maintenance and repair of any damage caused

by CWS.

4. The County agrees to grant a lease to CWS for use of the water transmission main to be constructed by the County within the CWS Service Area.

5. The County agrees to provide the above-described water supply to CWS on a cost per 1,000 gallon not greater than the most favorable wholesale water supply rate available to any other wholesale customer on this system, including private and public entities; provided, however, that this provisions shall not apply to any commercial or industrial customer that contributes to the construction of any segment of the water system. Said initial rate as so determined shall remain in effect for a minimum of one (1) year from the date service is initiated and may be adjusted thereafter from time to time.

6. The County agrees to allow new CWS customers to purchase water from the County's system upon purchase of a tap certificate from the County in an amount as determined by the County from time to time.

7. The County agrees to allow existing CWS customers and owners of lots contiguous to CWS existing distribution mains on the date of this Agreement located in the River Hills, Forest Oaks and Hamilton Harbor subdivisions to purchase water from the County's system without payment to the County of any tap certificate fee whatsoever, unless such customer has a change in service requiring a new tap. The River Hills, Forest Oaks and Hailton Harbor subdivisions exempted from the payment of tap certificate fees

under this paragraph are shown and described on Exhibit C attached hereto.

8. The County agrees to allow CWS to expand its water distribution facilities, either directly or through developer agreements, so as to serve customers not presently served by CWS but which are located in the CWS Service Area, in accordance with the preceding four (4) paragraphs of this Article, subject, however, to the terms and provisions of applicable York County Ordinances, such franchise as may be granted to CWS by York County; applicable rules, regulations and orders of the Public Service Commission; applicable rules, regulations and orders of the Department of Health and Environmental Control; and any other applicable Federal, State or local laws.

9. The County agrees to maintain and keep in force comprehensive insurance in an appropriate amount for the applicable risks involved, covering the County's construction activities and operation of the county's water system, including builders' risk, public liability, casualty, fire and property damage and workers compensation coverage.

ARTICLE IV

OBLIGATIONS OF CWS FOR WATER

The parties agree that CWS will take bulk water service from the County, when the same is available, on the following terms:

1. CWS agrees to accept bulk water service for all areas within the service area granted to CWS by York County under its franchise ordinance and within the service area authorized

by the South Carolina Public Service Commission as of the date that service is initiated. It is agreed that CWS will purchase all of its water supply from the County commencing the day that the water line to the CWS elevated storage facility within the service area becomes operational.

2. CWS agrees to provide to the County a list of customers connected to the water system in the CWS Service Area as of the date the Agreement is executed, the size of each tap, and the customer classification, i.e., residential, commercial, industrial, etc. Supplemental customer lists shall be provided on a bi-monthly basis to include connection date, size and classification. In addition, CWS will, from time to time, keep the County informed as to the status of the existing system as well as potential new connections to the system for planning and administrative purposes.

3. CWS shall retain ownership of the internal distribution system in the CWS Service Area and agrees to pay the County such transportation and processing fees as set forth in this Agreement.

4. CWS agrees as a part of this agreement that the County has the right to set water rates for wholesale service provided by the County to CWS.

5. CWS agrees to pay to the County, within ten (10) days after it is billed, the total fees owed to the County for the previous bi-monthly service. CWS agrees to make an initial one month's payment in advance to the County at the initial

start up. Thereafter, CWS agrees to pay all fees, rates and charges for service bi-monthly. These fees shall be computed as set forth in this Agreement. If the fees are not paid within thirty (30) days following the end of the billing period, a late charge of one and one-half per cent (1.5%) shall be levied against the total amount due. If the fees are not remitted within sixty (60) days of the due date, then, upon ten (10) days after sending written notice by certified mail, return receipt requested, the County may withhold its services hereunder, until such payments are remitted. If legal action is required to collect any accruals, all costs of collection, including a reasonable attorney's fee, shall be added to the amount of the debt. If provisions of the York County Code relating to terms of service, payment of fees, rates and charges, late charges or disconnection or discontinuance of service are amended, this agreement shall be deemed amended to the extent required to conform to the York County Code.

6. CWS agrees to operate and maintain the water distribution system within the CWS Service Area in accordance with requirements of the South Carolina Department of Health and Environmental Control ("DHEC") and furnish to the County copies of all reports as are required to be submitted to DHEC thereunder.

7. CWS agrees to lease to the County the land and improvements known as the River Hills elevated storage tank

for exclusive use by the County in providing water service to the CWS Service Area throughout the term of this Agreement. The County shall remain solely responsible for the operation and maintenance of the River Hills elevated storage tank throughout the term of this Agreement.

8. In consideration of CWS' lease of the River Hills elevated storage tank to the County, the County shall lease to CWS the water transmission main to be constructed by the County within the CWS Service Area.

9. The consideration for the leases described in paragraphs 7 and 8 above is the mutuality of the leases themselves such that neither the County nor CWS shall pay to the other any lease or rental payments or any other consideration whatsoever for the leases described in paragraphs 7 and 8 above, other than the mutual promises and undertakings contained herein.

10. CWS acknowledges that CWS must obtain from York County a franchise to provide water service within the CWS Service Area. This Agreement is, accordingly, conditioned upon the granting of said franchise to CWS substantially in the form shown as Exhibit D attached hereto.

11. CWS hereby agrees to act as agent for the County in connection with the sale of the County tap certificates and shall remit the fees from the sale thereof to the County on a bi-monthly basis. CWS agrees that it will not connect any customer within the CWS Service Area without first determining that such customer has purchased a water tap certificate in accordance with the terms of

this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

1. The County represents and warrants that it is authorized to provide both water and sewage treatment services in the CWS Service Area as shown on Exhibit A.

2. The County represents and warrants that, pursuant to the within Agreement, customers of CWS will not be subjected to discriminatory practices by the County with respect to either rates or services.

3. The County represents and warrants that CWS will be provided the services by the County contemplated hereunder on a continual and uninterrupted basis, as long as CWS pays the County for such services in accordance with the rates and charges established hereunder, and so long as CWS performs its other obligations established hereunder.

4. Both parties understand and agree that the performance contemplated herein is dependent and conditioned upon the County's ability to complete financing arrangements on a timely basis. In the event such arrangements are not completed within thirty-six (36) months of the date of this Agreement and the County does not pursue this project, the provisions of this Agreement will be null and void. In such event, however, CWS shall have the right to retain any franchise issued by York County for the provision of both water and sewer service within the CWS Service Area, provided

it is able to obtain an adequate alternative source of water and/or bulk sewage treatment on a timely basis.

5. CWS represents and warrants that, within thirty (30) days of the execution of this Agreement by both parties, it will apply to the SCPSC for a Certificate of Convenience and Necessity, which will grant CWS authority to provide water and sanitary sewer service to the CWS Service Area pursuant to the rules and regulations of the SCPSC. Accordingly, the rights and obligations of the parties hereto are predicated upon issuance by the Commission of said Certificates.

6. The County represents and warrants that it will cooperate fully with CWS with regard to the application described in paragraph 5 above.

7. The County represents and warrants that there are no prior outstanding agreements or commitments which would interfere with or affect the County's ability to provide the sewage and water service contemplated herein.

ARTICLE VI

COUNTY ORDINANCES AND LAWS

1. CWS and the County acknowledge and agree that this agreement is subject to all County ordinances and laws and that, therefore, the provisions of all County ordinances and laws shall be incorporated herein and made a part hereof.

ARTICLE VII

MISCELLANEOUS

1. It is further agreed and recognized by the parties hereto that the rights and obligations of CWS and the County relative to treatment and transportation of wastewater generated by CWS

customers, and to the transmission and use of potable water by CWS customers, are to be governed by this Agreement.

2. If any party hereto breaches a material obligation as established by this Agreement, such breach will constitute a default. The non-defaulting party shall give written notice of such default, and the defaulting party shall have ten (10) days, in event of nonpayment as provided in Article II, paragraph 2, sixty (60) days written notice by certified mail, return receipt requested, for other events of default, within which to cure such default, if such default is not cured within such notice period, the non-defaulting party may hold in abeyance continued performance of its obligations under this Agreement until such time as the default is cured. This remedy is in addition to, and not in lieu of, any other remedies at law or in equity. In the event that either party hereto suffers actual or consequential damages as a result of a breach hereto, any judgement obtained shall include costs of the action and reasonable attorney fees.

3. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder. If such failures, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of

similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

4. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of South Carolina.

5. The covenants, terms, conditions, representations, warranties, provisions, and undertakings in this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

6. This document contains the entire agreement between the parties with regard to the subject matter hereof and cannot be changed or modified except in writing duly executed by both parties.

7. The parties hereto understand and agree that CWS shall be entitled, with respect to lines owned and leased by CWS, to charge and retain such water and sewer user fees and connection fees as are authorized by the SCPSC from time to time.

8. All notices or communications required or permitted under this agreement shall be deemed sufficiently given or served if served personally or by certified or registered mail, postage prepaid, addressed as follows:

TO THE COUNTY:

J. E. Klugh, County Manager
P. O. Box 66
York, SC 29745

TO CWS:

Perry B. Owens, Chairman
Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, IL 60062

or at such other place or places or to such other person or persons
as shall be designated in writing by the respective parties.

IN WITNESS WHEREOF, the parties have set their hands and seals
the day and year above first written.

WITNESS

J. E. Klugh
W. E. Barron

YORK COUNTY, SOUTH CAROLINA

BY: Caldwell A. Barron
Caldwell A. Barron, Chairman
York County Council

Attest: J. E. Klugh
J. E. Klugh
County Manager

WITNESS

Perry B. Owens
J. E. Klugh

CAROLINA WATER SERVICE, INC.

BY: Perry B. Owens
Perry B. Owens, Chairman

Attest: David H. Demaree
David H. Demaree
V-Pres.

(920)

STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

**LEASE OF WASTEWATER TREATMENT PLANT
AND FACILITIES**

This Lease Agreement made and entered into this 18th day of November, 1996, by and between Carolina Water Service, Inc., a corporation, hereinafter referred to as Lessor, and York County, South Carolina, a body politic and political subdivision of the State of South Carolina, hereinafter referred to as Lessee,

WITNESSETH:

WHEREAS, Lessee, as a political subdivision of the State of South Carolina, has the authority to construct both water and sewer systems and to grant franchises for the operation of water and sewer systems to others under the general law, statutory enactments of the South Carolina General Assembly, and provisions of the Code of York County, as amended; and

WHEREAS, Lessor was granted a non-exclusive franchise for the operation of water and sewer systems within a defined geographical area of York County (the "CWS Franchise Area") by ordinance adopted by the York County Council on February 17, 1992; and

WHEREAS, Lessor is a "public utility," as defined by the laws of the State of South Carolina, and is subject to the jurisdiction of the South Carolina Public Service Commission, which has established a service area for the Lessor's wastewater

collection and treatment services which includes portions of York County; and

WHEREAS, Lessee intends to provide wastewater transportation and treatment services within certain areas of York County which include the CWS Franchise Area; and

WHEREAS, by Agreement, dated January 28, 1992, Lessee agreed to lease from Lessor certain property and facilities including a wastewater treatment facility owned by Lessor, commonly known as the River Hills Wastewater Treatment Plant; and

WHEREAS, Lessee has agreed to accept, transport and treat, and Lessor has agreed to contribute wastewater generated within the CWS Franchise Area, pursuant to an agreement entered into by Lessee and Lessor, dated January 28, 1992.

NOW, THEREFORE, this Lease Agreement is entered into pursuant to the terms and provisions of that certain agreement entered into by and between Lessee and Lessor, dated January 28, 1992.

1. Lease of property and treatment facilities.

For and in consideration of the promises, covenants and conditions herein contained, and in further consideration of the execution of an agreement by Lessee pursuant to which Lessor shall have the right to the use of a sewage force main constructed by the Lessee within the CWS Franchise Area, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Lessor has and does hereby lease and demise unto Lessee, its successors and assigns, and Lessee has and

does hereby agree to lease from Lessor for the term and upon the conditions herein set forth, that certain property located in York County, South Carolina, together with the River Hills Wastewater Treatment Plant, pumps, equipment, facilities and appurtenances now or hereafter located thereon more particularly shown and described in paragraph 3 of this Lease Agreement.

2. Effective date and term.

Lessee, its successors and assigns, shall have and hold the above-described property, sewage treatment plant, pumps, facilities, equipment and appurtenances upon the terms and conditions herein stated for a term commencing on the date of this agreement and extending through February 17, 2017, when it shall expire.

3. Description of property, treatment plant and facilities.

The property which is leased and demised under this Lease Agreement is described as follows:

All that certain piece, parcel or lot of land lying and being situate in River Hills Plantation, Bethel Township, York County, South Carolina, the boundaries of which are described by courses and distances on a plat of survey prepared by Frank B. Hicks, Assoc. Inc. dated July 20, 1973 entitled "A Plat of Property of Commodore Utility Corporation. Well Site and Waste Treatment Site" which plat was recorded in the office of the Clerk of Court for York County, South Carolina, on July 8, 1974, in Plat Book 44 at page 27 which plat is incorporated into and made a part of this description by reference and a copy of which is attached hereto, marked Exhibit A and made a part of this description as if recited verbatim.

TOGETHER WITH an easement appurtenant to the above-described tract of land for ingress and egress to and from such property over all roads, streets and access lanes now or hereafter existing in River Hills Plantation leading to and from such property, and leading to and from South Carolina Highway 49.

The above-described property is conveyed subject to the covenant and restriction that it shall be used only as a wastewater treatment facility or equalization basin and pump station with all appropriate pumps, facilities and equipment necessary or appropriate for such purposes.

TOGETHER WITH the River Hills sewage treatment plant, pumps, pipes, meters, gauges, facilities, appurtenances and equipment now or hereafter located thereon or used for the transportation, distribution and treatment of wastewater.

4. Consideration for lease.

In consideration for the lease of the above-described property, Lessee agrees to operate, maintain and repair the property, the wastewater treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances herein described; and the Lessee grants to Lessor, under a separate agreement, dated of even date herewith, the use of a sewage force main constructed by Lessee within Lessor's Franchise Area of sufficient size and capacity to transport sewage from Lessor's sewage collection system to certain sewage treatment plants for the use of which Lessee has contracted. Both Lessee and Lessor agree to comply with their obligations under that certain agreement between the parties, dated January 28, 1992.

5. Use or property, facilities and equipment.

(a) During the term of this Lease Agreement, Lessee shall occupy and use, at its expense, the leased property, facilities and equipment for the transportation, flow equalization, and treatment of sewage within the Lessor's service area and areas adjacent thereto. Lessee agrees to construct or have constructed a sewage pump station at Lessee's sole cost and expense upon the leased property which shall be connected to sewage force main lines constructed by Lessee in the Lessor's service area of sufficient size and capacity to transport sewage from the Lessor's service area to those sewage treatment plants for the use of which the Lessee has contracted. At all times during the term of this Lease Agreement, Lessee shall provide sewage transportation and treatment capacity sufficient for the transportation and treatment of sewage generated within the existing CWS Franchise Area.

(b) During the term of this Lease Agreement, Lessee shall have the rights to enclose the leased property, sewage treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances by a fence or other enclosure and to make improvements, additions and repairs to the leased premises, wastewater treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances as may be necessary or appropriate for Lessee's use of the leased premises.

(c) Lessee further agrees to maintain, operate and repair all pump stations and sewage force mains constructed or installed by Lessee at no cost or expense to Lessor, except as specified in

Article 1, Paragraph 5, of that certain Agreement between the parties, dated January 28, 1992. Lessee agrees to operate, maintain and repair such facilities during the term of this Lease Agreement, excluding maintenance and repair of any damage caused solely by Lessor or Lessor's contractors.

6. Maintenance of premises.

During the term of this Lease Agreement, Lessee shall, at its expense, operate, maintain in good condition and repair the leased property, wastewater treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances described in this Lease Agreement with all improvements or additions thereto, excluding maintenance and repair of any damage caused solely by Lessor and excluding any changes or additions required to convert the River Hills Wastewater Treatment Plant to an equalization facility and pump station.

7. Utilities charges.

Lessee shall promptly pay and discharge all rates, charges or fees which may become due and payable for utility service used at the leased premises during the term of this Lease Agreement.

8. Insurance.

Lessee covenants and agrees to obtain and maintain, at Lessee's expense, hazard insurance on the leased premises at all times during the term of this Lease Agreement in an amount which shall not be less than the value of the improvements, including the Wastewater Treatment Plant, equipment, facilities and appurtenances thereon. Lessee shall further obtain and maintain at Lessee's

expense at all times during the term of this Lease Agreement one or more policies of public liability insurance written by one or more responsible insurance carriers which shall insure Lessee and Lessor against liability for injury to or death of persons or loss or damage to property occurring on or about the leased premises. The liability coverage under any such insurance policy shall not be less than \$1,000,000 for any person killed or injured and \$500,000 for property damage. Lessee will furnish to Lessor proof of such hazard insurance and public liability insurance. Lessee further agrees to obtain and maintain in force, at Lessee's expense, builder's risks, property damage and workers' compensation coverage covering Lessee's construction activities and operation of the leased property, sewage treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances. Lessee will furnish to Lessor proof of all such coverages prior to the commencement of construction activity or operation on the leased property.

9. Indemnity.

Lessee agrees to indemnify Lessor against any cost, liability, expense, claim, action or damages, including attorney's fees, for injury to person or property occurring at or on the leased premises and facilities or arising out of any claims of any person or persons whomsoever by reason of Lessee's use or misuse of the leased premises, sewage treatment plant, pumps, equalization facilities, pipes, meters, gauges, equipment, facilities and appurtenances, excluding any cost, liability, expense, claim,

action or damages or fees resulting solely from an act or omission or Lessor.

10. Destruction of or damage to leased premises and facilities.

During the term of this Lease Agreement, if the leased premises or facilities shall be damaged by the elements, unavoidable accident, fire or other casualty, but are not rendered substantially unusable in whole or in part, the Lessee shall cause such damage to be repaired. In the event that the leased premises and facilities are so damaged as to be unfit for use by Lessee for the intended purpose, Lessee may, at its option, give written notice to Lessor that it has elected to terminate this Lease Agreement, in which event this lease and the tenancy hereby created shall cease as of the date of such occurrence. In the event of such termination of this Lease Agreement, the rights and obligations under the separate lease agreement between Lessee and Lessor, dated of even date herewith, providing that Lessor will have the right to use Lessee's sewage force main, will remain unaffected.

11. Non-waiver of breach.

No waiver of any breach or breaches of any provisions of this Lease Agreement shall be construed to be a waiver of any preceding or succeeding breach of such provision or of any other provision hereof.

12. Time of essence.

Time is of the essence to each and every provision of this Lease Agreement.

13. Amendments to be in writing.

This Lease Agreement may be modified or amended only by an instrument in writing duly authorized and executed by both Lessor and Lessee. This Lease Agreement may not be amended or modified by oral agreements or understandings between the parties unless such oral agreements or understandings shall be reduced to writing duly authorized and executed by both Lessor and Lessee.

14. Parties bound.

Each and every provision of this Lease Agreement shall bind and shall inure to the benefit of the parties hereto, their respective successors and assigns.

15. Governing law.

This Lease Agreement shall be deemed to be an agreement made under, and for all purposes shall be construed in accordance with, the laws of the State of South Carolina.

16. Notices.

All notices or communications required or permitted under this Lease Agreement or which either party may desire to assert upon the other shall be deemed sufficiently given or served if served personally or by certified or registered mail, postage prepaid, addressed as follows:

To York County:

J. Clay Killian
County Manager
Post Office Box 66
York, South Carolina 29745

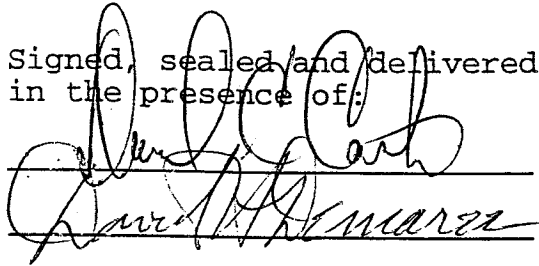
To Carolina Water Service, Inc.:

James L. Camaren
Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, Illinois 60062

or such other place or places or to such other person and persons
as shall be designated in writing by the respective parties.

IN WITNESS WHEREOF the parties hereto have hereunto set their
hands and seals to this Lease Agreement in duplicate originals the
day and year first above-written.

Signed, sealed and delivered
in the presence of:

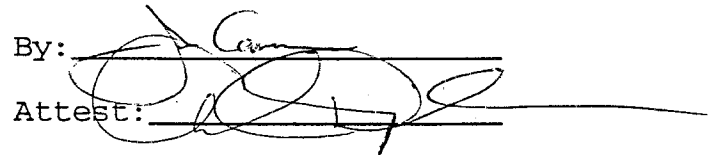


James L. Camaren

CAROLINA WATER SERVICE, INC.

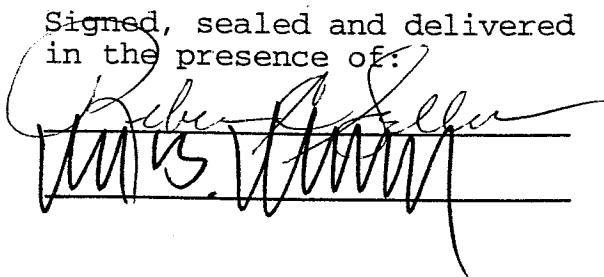
By:

Attest:



James L. Camaren

Signed, sealed and delivered
in the presence of:

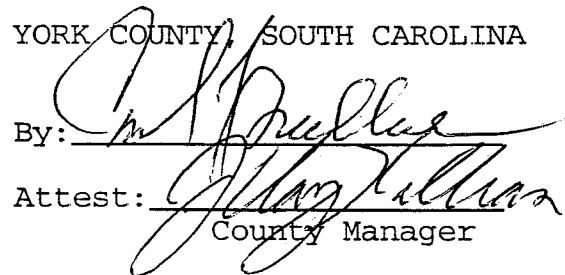


Robert J. Sullivan

YORK COUNTY, SOUTH CAROLINA

By:

Attest:



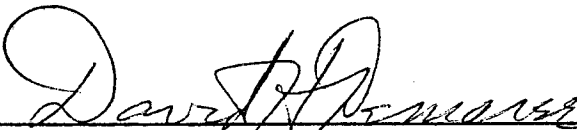
Robert J. Sullivan
County Manager

STATE OF ILLINOIS

COUNTY OF COOK

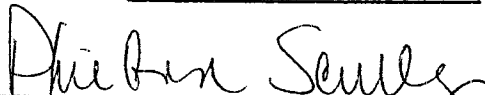
PROBATE

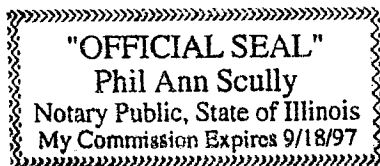
PERSONALLY appeared before me David H. Demaree,
who made oath that he saw the within named Carolina Water Service,
Inc., by James Camaren, its Chairman, sign
the within Lease of Wastewater Treatment Plant and Facilities, and
Andrew Dopuch, its Vice President, attest the same,
and the said corporation, by said officers, seal said Lease of
Wastewater Treatment Plant and Facilities, and, as its act and
deed, deliver the same, and that he with
David C. Carter witnessed the execution thereof.



David H. Demaree
Secretary

SWORN to before me this 13TH
day of NOVEMBER, 1996.

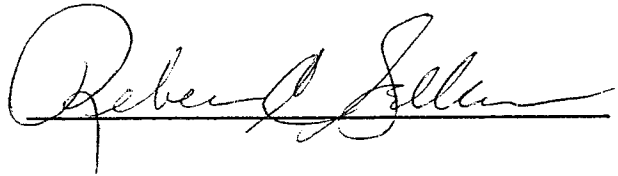
 (SEAL)
Notary Public for Illinois
My Commission Expires: 09-18-97



STATE OF SOUTH CAROLINA)
)
COUNTY OF YORK)

PROBATE

PERSONALLY appeared before me Rebecca C. Sellers,
who made oath that she saw the within named York County, South
Carolina, by Carl L. Gullick, its Chairman, sign the
Lease of Wastewater Treatment Plant and Facilities
~~within Agreement for Use of Water Line~~ and J. Clay Killian,
its County Manager, attest the same, and the said corporation, by
said officers, seal said Lease of Wastewater Treatment Plant and
Facilities, and, as its act and deed, deliver the same, and that
she with Melvin B. McKeown, Jr. witnessed the execution
thereof.



SWORN to before me this 18th
day of November, 1996.



(SEAL)

Notary Public for South Carolina
My Commission Expires: August 30, 2000



SCALE: 1" = 30'
FILE: R.H.
DATE: 7 - 20 - 73

Westside Terrace

State of South Carolina



Public Service Commission

GUY BUTLER

Chairman

PHILIP T. BRADLEY

Vice Chairman

RUDOLPH MITCHELL

Commissioner

CECIL A. BOWERS

Commissioner

WARREN D. ARTHUR, IV

Commissioner

WILLIAM "BILL" SAUNDERS

Commissioner

C. DUKES SCOTT

Commissioner

CHARLES W. BALLENTINE

Executive Director

(803) 737-5120

GARY E. WALSH

Deputy Executive Director

(803) 737-5133

June 18, 1997

Mr. Keith A. Murphy
Regional Director
Carolina Water Service Inc.
Post Office Drawer 4509
Cayce-West Columbia, S.C. 29171-4509

Dear Mr. Murphy:

The purpose of this correspondence is to advise you of the Public Service Commission's decision relating to the agreement filed between Carolina Water Service, Inc. (CWS) and the Town of Lexington for supplemental water service for the Westside Terrace Subdivision.

Per your request, I presented this agreement for approval to the Commission during their meeting on June 17, 1997. By a unanimous vote the Commission approved the agreement executed by CWS and the Town of Lexington for supplemental water on an as needed basis. In addition, I advised the Commission that approval of this agreement would in no way change the rates for the Westside Terrace Subdivision customers.

If I can be of further assistance in this matter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Gary E. Walsh".

GARY E. WALSH

DEPUTY EXECUTIVE DIRECTOR

DANIEL P. BREAZEALE
MAYOR

COUNCIL
T. RANDALL HALFACRE-MAYOR PRO-TEM
B. SCOTT AMICK
SCOTT R. CALLISON
VIRGINIA T. HYLTON
RICHARD D. THOMPSON
DANIEL H. WALKER

ADMINISTRATOR
L.C. GREENE

MUNICIPAL CLERK
JULIA KIGHT

TOWN OF LEXINGTON

POST OFFICE BOX 397
LEXINGTON, SOUTH CAROLINA 29071

111 MAIDEN LANE
LEXINGTON, SOUTH CAROLINA 29072

FAX 803-359-4460

ADMINISTRATION
359-4164

May 27, 1997

DONNA SMITH-ECONOMIC DEVELOPMENT
951-4649
JOE BOLES - BUILDING/ZONING
951-4655
MIKE GILLESPIE - FINANCE
359-4164
CHARLOTTE THOMAS - CLERK OF COURT
951-4634
GRAHAM TAYLOR - PARKS & APPEARANCE
359-1027
CHIEF MIKE ROTH - POLICE
359-6260
SIDNEY VARN - PUBLIC WORKS
951-4695

Mr. Keith Murphy
Carolina Water Service, Inc.
110 Queen Parkway
Post Office Box 4509
West Columbia, South Carolina 28171

Re: Water Service For Westside Terrace Subdivision located adjacent to U.S. Highway #1
West of the Town of Lexington.

Dear Keith:

This letter is in response to our recent conversations concerning water service for the Westside Terrace Subdivision located adjacent to our existing water line on U.S. Highway #1. The Town of Lexington can provide water service to this project based on a wholesale arrangement. We could provide water service either on an as-needed basis or provide all of the water on a continuous basis once the existing wells are taken out of service.

It would be Carolina Water Service's responsibility to obtain all necessary approvals from the regulatory authorities. Carolina Water Service would also be responsible for all water main extensions, including the meter and meter box and the water main connections to our water system. The proposed water extensions would have to comply with the Town of Lexington's specifications. Since Carolina Water Service would install the water meter, there would be no charge for the meter installation or associated water tap fee. We would provide operation and maintenance of the water system from our water lines up to the point of the master meter.

We would propose to provide the water on a wholesale basis based on the following:

1. Cost per 1,000 gallons based on water service on an as-needed basis
\$1.90/1,000 gallons.
2. Cost per 1,000 gallons based on continuous service (With all water wells out of service): \$1.71/1,000 gallons.



Mr. Keith Murphy
May 27, 1997
Page Two

We would read the master meter and bill Carolina Water Service on a monthly schedule for the water used. We would propose to keep these charges at a flat rate for three (3) year increments. At the end of each three year increment, we would analyze our increased cost of chemicals, labor, etc., based on inflation or any requirements imposed on us by DHEC, and adjust our charges accordingly. We would negotiate these costs with Carolina Water Service prior to changing the rates.

This agreement is subject to the approval of the Public Service Commission of South Carolina.

Should this proposal be acceptable to Carolina Water Service, Inc., Please acknowledge by signing in the space provided below.

Very Truly Yours,
Sidney F. Varn, Jr., P.E.
Director of Public Works & Engineering
Sidney F. Varn, Jr.
SFV/cp

Type of Service Currently Desired
As Needed Basis/Continuous Service
(Strike out type of service not desired)

Keith A. Murphy
Acknowledgement of Acceptance
(Carolina Water Service, Inc.)

Title: Regional Director

Date: 06/02/97

Witness: Robert [unclear]

Daniel B. Breakey
Acknowledgement of Acceptance
(Mayor, Town of Lexington)

Date: 6/9/97

Witness: L. C. Greene

I-20

AMENDED WATER SUPPLY AGREEMENT

Carolina Water Service, Inc. and City of West Columbia

I-20 AREA WATER SYSTEM

THIS Agreement, made and entered into on this 8 day of Oct 97, 1997, by and between Carolina Water Service, Inc., a Delaware corporation, (hereinafter referred to as "Utility") and the City of West Columbia, a political subdivision of the State of South Carolina, acting by and through its City Council, the governing body thereof (hereinafter referred to as the "City").

WITNESSETH

WHEREAS, Utility is engaged in the business of furnishing water service to the public in an area located in Lexington County, South Carolina, (hereinafter referred to as the "Utility Service Area") and more fully described in Exhibit 1; and

WHEREAS, during the term of this Amended Agreement, the City acknowledges the present Utility Service Area as fully described in Exhibit 1; and

WHEREAS, the West Columbia Water Service Area (hereinafter referred to as the "Water Service Area") is set forth in Exhibit 2, and the Utility specifically acknowledges this Water Service Area; and

WHEREAS, the City has previously allowed Utility to interconnect Utility's water mains with the City's water distribution system in the Utility Service Area to provide water service to the Utility Service Area on a temporary basis and the Utility agrees not to extend water service to customers beyond this area into the Water Service Area without the express written consent of the City; and

WHEREAS, the Utility now desires to obtain, and the City desires to provide, bulk water supply service to Utility's existing and future customers within the Utility Service Area as described above, subject to the terms and conditions of this Agreement (hereinafter referred to as the "Agreement"); and

WHEREAS, the Utility and the City entered into a Water Supply Agreement on August 8, 1997, and the parties now desire to amend the aforementioned Water Supply Agreement (hereinafter referred to as "Amended Agreement"); and

NOW, THEREFORE, in consideration of the above acknowledgements and recitals which shall be deemed an integral part of this Amended Agreement and of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

Section 1

Purpose

It is the purpose and intent of this Amended Agreement to provide for public water service by the Utility, utilizing the City's water supply, to all present and future dwelling units within the Utility Service Area and to provide for the timely payment to the City by Utility for all billed charges as stipulated herein for the provision of water supply to Utility by the City. All terms and conditions contained herein shall be read and interpreted in a manner consistent with and in furtherance of this purpose and intent and consistent with the laws of South Carolina governing contracts by a municipality.

Section 2

Supply Service

1. The City shall provide water supply service to Utility under the terms and



conditions contained in this Amended Agreement. Such service shall be provided through City off-site water mains with interconnection(s) to the Utility's water distribution system in the Utility Service Area at interconnection location(s) to be determined by the Utility and approved by the City prior to connection. The Utility will install, at its expense, the needed bulk meter vaults, meters (the "Master Meters") backflow preventers and mains to interconnect the Utility distribution system with the City mains. All equipment must be new and must meet specifications as approved by the City. The Master Meters and backflow preventers shall become the property of the City as of the date the City water service is commenced. The City will maintain and repair and replace such equipment after the service commencement date. All construction undertaken by the Utility to effect the connection to the City Water Supply shall be subject to the approval of the City and shall meet all applicable code requirements and regulatory standards. The Utility will be responsible for obtaining all easements and rights necessary to make the water supply connections.

2. The City shall use its best efforts to provide the necessary water supply capacity needed by Utility to service Utility's customers. This is to include adequate pressure at the Master Meter. Notwithstanding any other provision contained herein, the City shall not be liable for any damages as the result of the inability or failure to provide water services pursuant to this Amended Agreement either on a temporary, emergency, or permanent basis. Further, the City will be responsible for the quality of the water to be delivered to the Master Meter; the City is not responsible for the quality of water after it reaches the Master Meter. The City's obligation is to provide Utility with water that

meets any and all applicable governmental regulations and standards. The Utility will not use alternative water sources as long as Utility's customers' water demands are met by the City of West Columbia. The Utility will not blend and/or mix well water or water from any other source with the water provided by the City.

3. Utility and City agree that the following method for billing Utility for water sold to Utility by the City ("The Billing Method") is acceptable to both parties

The Billing Method: The City will establish an initial water supply charge for the Utility Service Area in the amount of \$1.85 per one thousand gallons of water as registered on the Master Meter(s) installed pursuant to this Amended Agreement by the Utility. Such charge shall remain in effect for a period of at least eighteen (18) months from the date water service is initiated by the City. At the end of this eighteen (18) month period, the City rate will be reviewed by the City and may be adjusted based upon the City's expenses and to ensure an adequate return on the City's investment. The City rate charged to the Utility will be no more than the lowest rate charged by the City for water provided to private utilities who sell water to retail customers.

4. The City will bill Utility monthly for all water registered on the Master Meter(s) installed hereunder. Such bill shall include the number of gallons as registered on the Master Meter(s). In the event that payment is not made to the City by the Utility within fifteen (15) days after the date the City bill is received, Utility agrees to pay interest to the City at the rate of one and one-half percent (1½%) per month on the outstanding delinquent amount to the City after such fifteen (15) day period until said delinquent balance is paid in full. The City shall have the right to terminate service if any delinquent

balance is not paid within forty-five (45) days of the monthly billing date. If the Utility fails to pay the delinquent amount for a period of forty-five (45) days, Utility agrees to submit to the jurisdiction of the Court of Common Pleas of the Eleventh Judicial Circuit in Lexington County for the purpose of having a Receiver immediately appointed to undertake an accounting of Utility's accounts receivable and assets for the purpose of payment of the delinquent amount due.

5. In addition to the monthly water supply charge, the Utility agrees to collect a City connection fee, after service is initiated by the City under this Amended Agreement initially equal to \$800 per single family equivalent or as adjusted in the future to the amount for the residential equivalent as taken from the language of the Ordinance of the City of West Columbia, for all new water service connections within the Utility Service Area. Upon execution of this Amended Agreement, the Utility is to provide the City with a list verifying existing Utility customers who have previously committed to tap onto the Utility system. The Utility will pay the City \$150 for all unconnected taps previously negotiated, as listed on Exhibit 3, subject to verification and approval of the City of West Columbia. The payment of all applicable tap fees to the City is due and payable before each tap is made and service is provided to each customer. Tap sales will be verified by reasonable procedures to be implemented by the City of West Columbia. The charge of \$800 per tap (new tap fees for taps not listed on Exhibit 3) will be subject to change after eighteen (18) months of City wholesale water service to Utility based upon the City's charge for outside taps, and in that event, the City will be paid the new prevailing outside tap fee. The City's charge for outside taps may be reviewed annually after eighteen (18)

months and will be subject to change only on an annual basis. It is agreed by both parties hereto that Utility shall continue to collect Utility's authorized connection fee as included in its tariff, in addition to the City connection fee.

Section 3

PSC Authorization

1. The parties acknowledge that the Utility will initially charge its customers \$1.90 per thousand gallons for water supplied by the City. The charge will be based on the gallons registered on Utility customer meters and include \$.05 per one thousand gallons to reimburse Utility for water used by Utility to flush and maintain the water system. Under this Amended Agreement and in accordance with the Utility's approved tariff, Utility will collect the \$1.90 charge by the pass through provision in that tariff, consistent with previous decisions of the South Carolina Public Service Commission (PSC). The parties acknowledge that this Agreement prior to this Amendment was submitted to the Court of Common Pleas, Lexington County, in response to a temporary injunction in an action styled, Public Service Commission of South Carolina v. Carolina Water Service, Inc., (97-CP-32-1450). This Amended Agreement is expressly contingent upon obtaining written approval of this Amended Agreement in its entirety by the Court or by the PSC, whichever has proper jurisdiction, including implementation of the Utility's approved Base Charge and Water Distribution charge and its existing tariff provision to pass through the cost of bulk water purchased from West Columbia.

2. The City and Utility agree to actively participate and cooperate in securing approval for this Amended Agreement in its entirety. However the participation of the

City is not to be deemed to subject the City of West Columbia to the jurisdiction of the Court or the PSC.

3. Both parties understand and agree that in the event the Court or PSC fail to approve all the terms and provisions contained herein within four (4) months after execution hereof by the parties, this Amended Agreement may be immediately terminated by either party and neither party shall have any further obligations hereunder, and this Amended Agreement will be of no further force or effect.

Section 4

Exclusive Supply Commitment and Exclusive Water Service

Commitment

As set forth herein, as long as the City is able to meet the Utility's water needs, the Utility agrees not to utilize alternative water supply sources including the Utility's existing wells and other water supply facilities to service its customers within the Utility Service Area. However, the Utility may retain the existing wells and supply facilities as an emergency back-up to be used in the event the City is unable to provide the necessary and/or sufficient water supply capacity to meet the service demand requirements of the Utility's customers. The Utility will provide the City reasonable access to its wells, supply facilities, and records in order to verify that Utility is not using water from other sources in violation of this exclusive supply commitment.

Section 5

Term

1. This Amended Agreement shall have a term of ten (10) years commencing



on the date of water service initiation. This Amended Agreement shall not be considered an obligation on the part of the City to perform in any way other than as indicated in this Amended Agreement. The City shall not be obligated under the terms of this Amended Agreement to supply additional wholesale water supply for Utility to areas outside the Utility Service Area as designated in Exhibit 1.

2. In the event the Utility is sold to any other entity, the City may at its option, terminate this Amended Agreement upon six (6) months notice. This Amended Agreement is binding upon the successors and assignees of the Utility other than as set forth above.

Section 6

General Provisions

The provisions of this Amended Agreement constitute all of the terms and provisions of the Amended Agreement between the parties hereto and all prior negotiations are merged into this written agreement. No amendment or alteration shall be binding unless both parties have executed a written instrument amending this Amended Agreement. Whenever one party gives notice to the other party concerning any of the provisions of this Amended Agreement, such notice shall be given by certified mail, return receipt required. Said notice shall be deemed given when it is deposited in the United States mail with sufficient postage prepaid (notwithstanding that the return receipt is not subsequently received).

NOTES: 11-20-1988

NOTICES shall be addressed as follows

CITY OF WEST COLUMBIA

1053 Center Street

West Columbia, South Carolina 29171-4044

Attn: Mr. William E. Unthank, Jr.

City Administrator

CAROLINA WATER SERVICE, INC.

2355 Sanders Road

Northbrook Illinois 60062

Attn: James L. Camaren

Chairman and CEO

These addresses may be changed by giving notice as provided for in this paragraph.

1. No waiver of breach of any of the terms of this Amended Agreement shall be construed to be a waiver of any preceding and/or succeeding breach.
2. Utility hereby agrees to defend, indemnify, and hold harmless the City from any and all liability and/or damages of any nature arising out of the distribution and sale of the City supplied water through the Utility's water mains throughout the Utility Service Area and City's Water Service Area, in the event the Utility is given permission to extend into the City's Water Service Area, arising from an occurrence to and/or by the water after the water is delivered to the Master Meter(s) to include, but not limited to, damages arising in contract or tort, including negligence or nuisance or in trespass or in strict liability and including, but not limited to, any damages for violation of any environmental regulations and/or statutes of the State of South Carolina and/or the United States including, but not limited to, the South Carolina Pollution Control Act, RCRA, and

CERCLA and the Safe Drinking Water Act and to further include any damages which may arise due to the difference in pressure of the City's water system.

Section 7

Default

If either party materially fails or defaults in keeping, performing, or abiding by the terms and provisions of this Amended Agreement, then the non-defaulting party shall give written notice to the defaulting party specifying the nature of the default. If the defaulting party does not cure the default within thirty (30) days after the date of written notice, then this Amended Agreement, at the option of the non-defaulting party, shall terminate. Neither party shall be relieved of liability to the other for damages sustained by virtue of any party wrongfully exercising this provision. This paragraph is not intended to replace any other legal or equitable remedies available to any non-defaulting party under South Carolina law, but it is in addition thereto. Notwithstanding the foregoing, any failure to make timely payments shall be considered a material default under the terms of this Amended Agreement without the necessity for any written notice to Utility.

Section 8

Force Majeure

1. If, by reason of force majeure, either party hereto shall be rendered unable, in whole or in part, to carry out its obligations under this Amended Agreement, then, and in that event, said party shall give notice in writing, to the other party, within a reasonable time thereafter, giving the full particulars of such force majeure.

The obligations of the party so affected shall thereupon be suspended and such

suspension shall continue during the period in which such inability continues; provided, however, that the disabled party shall endeavor with all reasonable dispatch, to remove or overcome such liability. Provided further, however, that this Section 8 shall not apply to failures by City or Utility to make payments or credits for services rendered as specified under Section 1 entitled "Supply Service."

2. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the PSC and courts of this State, orders of any kind of the government of the United States or the State of South Carolina, or any military authority, insurrection, riots, epidemics, landslides, earthquakes, fires, storms, hurricanes, floods, wash-outs, droughts, arrests and restraints of government and people, civil disturbances, partial or entire failure of water system, inability of City to furnish water hereunder, or inability of Utility to received water hereunder for any reason or cause not reasonably within the control of the party claiming such inability.

Section 9

Miscellaneous Provisions

1. In the event the Utility disputes the accuracy of any Master Meter reading, it must notify the City within thirty (30) days of billing and request the City demonstrate through appropriate calibration testing that the Master Meter is functioning properly in accordance with manufacturer's standards and specifications. All Master Meter readings not disputed within thirty (30) days of receipt by Utility are final and not subject to dispute. In the event Utility disputes the billing, it shall pay the disputed amount billed

by the City unless otherwise arranged with the City for self-evident or obvious errors or mechanical problems. If it is subsequently determined that the billing is in error, then Utility will be reimbursed for any difference within thirty (30) days of such determination. If it is demonstrated that the City's Master Meter is not working properly, the City shall be responsible for the cost of testing, repair, or replacement. In the event of any unresolved dispute concerning the Master Meter's performance or accuracy, the parties shall agree to mutually select an independent testing company qualified to perform appropriate tests upon the Master Meter. The decision of this mutually selected testing company as to the Master Meter's performance or accuracy shall be binding upon the parties. In the event the Master Meter is determined to be accurate within the range of tolerance, then the cost of testing shall be paid by Utility. If the Master Meter is determined to be inaccurate and outside the range of tolerances then the City shall pay for the cost of testing.

2. The parties hereto agree that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take other actions as may be reasonably required to carry out the intent of this Amended Agreement.

3. This Amended Agreement shall be binding upon the heirs, representatives and assigns of the parties hereto unless otherwise specified in Section 5, and the provisions hereof shall constitute covenants running with the land for the benefit of the heirs, representatives and assigns of the party.

4. If this Amended Agreement is not executed prior to 10/10, 1997, then the terms and conditions contained herein are deemed waived, with no further obligation or responsibilities to either party.

5. Utility will submit this Amended Agreement for PSC consideration after execution by the City. Utility will submit plans for construction of the necessary interconnection to the City and the South Carolina Department of Health and Environmental Control ("SC DHEC") within thirty (30) days following PSC approval of this Amended Agreement. Utility will commence using City water within ninety (90) days following approval of the construction plans by the City and the receipt of a Permit to Construct interconnects from SC DHEC.

Section 10

Temporary Use of Supplemental Water

1. The City agrees, on a temporary basis through October 31, 1997, to sell and Utility agrees to purchase from the City, potable water from the City's system up to the maximum daily flow which can be obtained through the existing meter, with a minimum flow of 50,000 gallons per day.

2. The purchase price paid to the City by Utility for supplemental water usage shall be at the current rate of \$2.60 per 1000 gallons of water.

3. If the sale of supplemental water to Utility jeopardizes the availability of water for the City's regular customers, the City shall have the right, in its sole discretion, to immediately terminate the sale of water to Utility.

4. The Utility agrees to indemnify, defend, and hold harmless, the City of West

Columbia from any claims for damages or equitable relief of any nature arising from this temporary Amended Water Supply Agreement, including but not limited to, causes of action arising in contract or tort, including negligence or nuisance or in trespass or strict liability, and further, including any environmental claims or claims arising from damages caused by the difference in the pressure of the City's water system.

5. The City shall not be responsible for supply interruptions because of system malfunction or force majeure.

6. All bills submitted to Utility for supplemental water shall be immediately due and payable.

7. Notwithstanding Items 1-6 of Section 10 set forth above, all other terms and conditions of this Amended Water Supply Agreement shall govern the temporary use of supplemental water.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the date first above-written:

CITY OF WEST COLUMBIA

By: Mr. E. A. Fathallah

Attest: L. Dale Harley

Attest: Evans Taylor Barnett

CAROLINA WATER SERVICE, INC.

By: J. Cam

Attest: D. O. White

Attest: X Phiebrun Sewery

WATER SUPPLY AGREEMENT

Carolina Water Service, Inc. and City of West Columbia

IDLEWOOD AREA WATER SYSTEM

THIS AGREEMENT, made and entered into on this ____ day of May, 2001, by and between Carolina Water Service, Inc., a Delaware corporation, (hereinafter referred to as "Utility") and the City of West Columbia, a political subdivision of the State of South Carolina, acting by and through its City Council, the governing body thereof (hereinafter referred to as the "City").

WITNESSETH

WHEREAS, Utility is engaged in the business of furnishing water service to the public in an area located in Lexington County, South Carolina, (hereinafter referred to as the "Utility Service Area") and more fully described in Exhibit 1; and

WHEREAS, the Utility specifically acknowledges the West Columbia Water Service area; and

WHEREAS, during the term of this Agreement, the City acknowledges the present Utility Service Area as fully described in Exhibit 1; and

WHEREAS, the Utility is presently providing water service to those customers and premises shown as Exhibit 2 attached hereto; and

WHEREAS, the Utility now desires to obtain, and the City desires to provide, bulk water supply service to Utility's existing and future customers within the Utility Service Area as described above, subject to the terms and conditions of this Agreement (hereinafter referred to as the "Agreement").

NOW, THEREFORE, in consideration of the above acknowledgments and recitals which shall be deemed an integral part of this Agreement and of the mutual covenants as hereinafter set

forth, the parties hereto agree as follows:

Section 1

Purpose

It is the purpose and intent of this Agreement to provide for public water service by the Utility, utilizing the City's water supply, to all present and future dwelling units within the Utility Service Area as designated herein and to provide for the timely payment to the City by Utility for all billed charges as stipulated herein for the provision of water supply to Utility by the City. All terms and conditions contained herein shall be read and interpreted in a manner consistent with and in furtherance of this purpose and intent and consistent with the laws of South Carolina governing contracts by a municipality.

Section 2

Supply Service

1. The City shall provide bulk water supply service to Utility under the terms and conditions contained in this Agreement. Such service shall be provided through City off-site water mains with interconnection(s) to the Utility's water distribution system in the Utility Service Area at interconnection location(s) to be determined by the Utility and approved by the City prior to connection. The Utility will install, at its expense, the needed bulk meter vaults, meters (the "Master Meters") backflow preventers and mains to interconnect the Utility distribution system with the City Mains. All equipment must be new and must meet specifications as approved by the City. The Master Meters and backflow preventers shall become the property of the City as of the date the City water service is commenced. The City will maintain and repair and replace such equipment after the service commencement date. All construction undertaken by the Utility to effect the connection

to the City Water Supply shall be subject to the approval of the City and shall meet all applicable code requirements and regulatory standards. The Utility will be responsible for obtaining all easements and rights necessary to make the water supply connections.

2. The City shall use its best efforts to provide the necessary water supply capacity needed by Utility to service Utility's customers or connected premises shown on Exhibit 2. This is to include adequate pressure at the Master Meter. Notwithstanding any other provision contained herein, the City shall not be liable for any damages as the result of the inability or failure to provide water services pursuant to this Agreement either on a temporary, emergency, or permanent basis. Further, the City will be responsible for the quality of the water to be delivered to the Master Meter; the City is not responsible for the quality of water after it reaches the Master Meter. The City's obligation is to provide Utility with water that meets any and all applicable governmental regulations and standards. The Utility will not use alternative water sources as long as Utility's customers' water demands are met by the City of West Columbia. However, should the City fail to provide the Utility with adequate potable water to meet the needs of its customers, the Utility shall have the right to terminate this agreement and to seek other sources of water. The Utility will not blend and/or mix well water or water from any other source with the water provided by the City.

3. Utility and City agree that the following method for billing Utility for water sold to Utility by the City ("The Billing Method") is acceptable to both parties.

The Billing Method: The City will establish a bulk water supply charge for the Utility Service Area in the amount of \$1.85 per one thousand gallons of water as registered on the Master Meter(s) installed pursuant to this Agreement by the Utility. Such charges shall remain in effect until adjusted by the City based upon the City's expenses and to insure an adequate return on

the City's investment. The City rate charged to the Utility will be no more than the lowest rate charged by the City for water provided to private utilities who sell water to retail customers.

4. The City will bill Utility monthly for all water registered on the Master Meter(s) installed hereunder. Such bill shall include the number of gallons as registered on the Master Meter(s). In the event that payment is not made to the City by the Utility within fifteen (15) days after the date the City bill is received, Utility agrees to pay interest to the City at the rate of one and one-half percent (1 1/2%) per month on the outstanding delinquent amount to the City after such fifteen (15) day period until said delinquent balance is paid in full. The City shall have the right to terminate service if any delinquent balance is not paid within forty-five (45) days of the monthly billing date. If the Utility fails to pay the delinquent amount for a period of forty-five (45) days, Utility agrees to submit to the jurisdiction of the Court of Common Pleas of the Eleventh Judicial Circuit in Lexington County for the purpose of having a Receiver immediately appointed to undertake an accounting of Utility's accounts receivable and assets for the purpose of payment of the delinquent amount due.

5. In addition to the monthly water supply charge, the Utility agrees to collect a City Connection Fee, after service is initiated by the City under this Agreement initially equal to \$800 per single family equivalent or as adjusted in the future to the amount for the residential equivalent as taken from the language of the Ordinance of the City of West Columbia, for all new water service connections within the Utility Service Area. Upon execution of this Agreement, the Utility is to provide the City with a list verifying existing Utility customers who have previously committed to tap onto the Utility system and those premises unoccupied but connected to the Utility system. The payment of all applicable tap fees to the City is due and payable by the utility before each

connection (tap) is made and service is provided to each customer. Connection (tap) sales will be verified by reasonable procedures to be implemented by the City of West Columbia. The charge of \$800 per connection (tap) fee (new connection (tap) fees for connection (taps) will be subject to change based upon the City's charge for outside connection (tap) fees, and in that event, the City will be paid the new prevailing outside connection (tap) fee. The City's charge for outside connection (tap) fees may be reviewed and will be subject to change only on an annual basis. It is agreed by both parties hereto that Utility shall continue to collect Utility's authorized connection (tap) fee as included in its tariff, in addition to the City connection (tap) fee.

Section 3

PSC Authorization

1. The parties acknowledge that the Utility will initially charge its customers \$1.90 per thousand gallons for water supplied by the City. The charge will be based on the gallons registered on Utility customer meters and include \$.05 per one thousand gallons to reimburse Utility for water used by Utility to flush and maintain the water system. Under this Agreement and in accordance with the Utility's approved Tariff, Utility will collect the \$1.90 charge under the pass through provision in that tariff, consistent with previous decisions of the South Carolina Public Service Commission. This Agreement is expressly contingent upon obtaining written approval of this Agreement in its entirety by the South Carolina Public Service Commission (PSC) including the express written authorization by the PSC to implement the Utility's existing tariff provision to pass through the cost of bulk water purchased from West Columbia. The PSC must also approve the implementation of the Utility's Base Charge, plus \$1.85 per one thousand gallons Water Distribution Charge.

2. The City and Utility agree to actively participate and cooperate in securing the PSC approval for this Agreement in its entirety. However, the participation of the City is not to be deemed to subject the City of West Columbia to the jurisdiction of the PSC.

3. Both parties understand and agree that in the event the PSC fails to approve all the terms and provisions contained herein within four (4) months after execution hereof by the parties, this Agreement may be immediately terminated by either party and neither party shall have any further obligations hereunder, and this Agreement will be of no further force or effect.

Section 4

Exclusive Supply Commitment and Exclusive Water Service

Commitment

As set forth herein, as long as the City is able to meet the Utility's water needs, the Utility agrees not to utilize alternative water supply sources including the Utility's existing wells and other water supply facilities to service its customers within the Utility Service Area designated herein. However, the Utility may retain the existing wells and supply facilities as an emergency back-up to be used in the event the City is unable to provide the necessary and/or sufficient water supply capacity to meet the service demand requirements of the Utility's customers. The Utility will provide the City reasonable access to its wells, supply facilities and records in order to verify that Utility is not using water from other sources in violation of this exclusive supply commitment.

Section 5

Term

1. This Agreement shall have a term of ten (10) years commencing on the date of water service initiation. This Agreement shall not be considered an obligation on the part of the City to

perform in any way other than as indicated in this Agreement. The City shall not be obligated under the terms of this Agreement to supply additional wholesale water supply for Utility to areas outside the Utility Service Area as designated in Exhibit 1.

2. In the event the Utility is sold to any other entity, the City may at its option, terminate this Agreement upon six (6) months notice. This Agreement is binding upon the successors and assignees of the Utility other than as set forth above.

Section 6

General Provisions

The provisions of this Agreement constitute all of the terms and provisions of the Agreement between the parties hereto and all prior negotiations are merged into this written agreement. No amendment or alteration shall be binding unless both parties have executed a written instrument amending this Agreement. Whenever one party gives notice to the other party concerning any of the provisions of this Agreement, such notice shall be given by certified mail, return receipt required. Said notice shall be deemed given when it is deposited in the United States mail with sufficient postage prepaid (notwithstanding that the return receipt is not subsequently received).

Notices shall be addressed as follows:

CITY OF WEST COLUMBIA

1053 Center Street

West Columbia, South Carolina 29171-4044

Attn: Ms. Jenny Cunningham

City Administrator

CAROLINA WATER SERVICE, INC.

2355 Sanders Road

Northbrook Illinois 60062

Attn: James L. Camaren

Chairman and CEO

These addresses may be changed by giving notice as provided for in this paragraph.

1. No waiver of breach of any of the terms of this Agreement shall be construed to be a waiver of any preceding and/or succeeding breach.
2. Utility hereby agrees to defend, indemnify, and hold harmless the City from any and all liability and/or damages of any nature arising out of the distribution and sale of the City supplied water through the Utility's water mains throughout the Utility Service Area and City's Water Service Area, in the event the Utility is given permission to extend into the City's Water Service Area, arising from an occurrence to and/or by the water after the water is delivered to the Master Meter(s) to include, but not limited to, damages arising in contract or tort, including negligence or nuisance or in trespass or in strict liability and including, but not limited to, any damages for violation of any environmental regulations and/or statutes of the State of South Carolina and/or the United States including but not limited to, the South Carolina Pollution Control Act, RCRA, and CERCLA and the Safe Drinking Water Act and to further include any damages which may arise due to the difference in pressure of the City's water system.

Section 7

Default

If either party materially fails or defaults in keeping, performing, or abiding by the terms and provisions of this Agreement, then the non-defaulting party shall give written notice to the defaulting party specifying the nature of the default. If the defaulting party does not cure the default within thirty (30) days after the date of written notice, then this Agreement, at the option of the non-

03/28/2008 11:41 FAX 010/010

defaulting party, shall terminate. Neither party shall be relieved of liability to the other for damages sustained by virtue of any party wrongfully exercising this provision. This paragraph is not intended to replace any other legal or equitable remedies available to any non-defaulting party under South Carolina law, but it is in addition thereto. Notwithstanding the foregoing, any failure to make timely payments shall be considered a material default under the terms of this Agreement without the necessity for any written notice to Utility.

Section 8

Force Majeure

1. If, by reason of force majeure, either party hereto shall be rendered unable in whole or in part, to carry out its obligations under this Agreement, then, and in that event, said party shall give notice in writing, to the other party, within a reasonable time thereafter, giving the full particulars of such force majeure. Provided further, however, that this Section 8 shall not apply to failures by the City or Utility to make accrued payments or credits for services rendered as specified under Section 1 entitled Supply Service.

The obligations of the party so affected shall thereupon be suspended and such suspension shall continue during the period in which such inability continues; provided, however, that the disabled party shall endeavor with all reasonable dispatch, to remove or overcome such liability.

2. The term "force majeure" as implied herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of the PSC and courts of this State, orders of any kind of the government of the United States or the State of South Carolina, or any military authority, insurrection, riots epidemics, landslides, earthquakes, fires, storms, hurricanes,

floods, wash-outs, droughts, arrests and restraints of government and people, civil disturbances partial or entire failure of water system, inability of City to furnish water hereunder, or inability of Utility to received water hereunder for any reason or cause not reasonably with the control of the party claiming such inability.

Section 9

Miscellaneous Provisions

1. In the event the Utility disputes the accuracy of any Master Meter reading, it must notify the City within thirty (30) days of billing and request the City demonstrate through appropriate calibration testing that the Master Meter is functioning properly in accordance with manufacturer's standards and specifications. All Master Meter readings not disputed within thirty (30) days of receipt by Utility are final and not subject to dispute. In the event Utility disputes the billing, it shall pay the disputed amount billed by the City unless otherwise arranged with the City for self-evident or obvious errors or mechanical problems. If it is subsequently determined that the billing is in error, then Utility will be reimbursed for any difference within thirty (30) days of such determination. If it is demonstrated that the City's Master Meter is not working properly, the City shall be responsible for the cost of testing, repair, or replacement. In the event of any unresolved dispute concerning the Master Meter's performance or accuracy, the parties shall agree to mutually select an independent testing company qualified to perform appropriate tests upon the Master Meter. The decision of this mutually selected testing company as to the Master Meter's performance or accuracy shall be binding upon the parties. In the event the Master Meter is determined to be accurate within the range of tolerance, then the cost of testing shall be paid by Utility. If the Master Meter is determined to be inaccurate and outside the range of tolerances then the City shall pay for

the cost of testing.

2. The parties hereto agree that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take other actions as may be reasonably required to carry out the intent of this Agreement.

3. This Agreement shall be binding upon the heirs, representatives and assigns of the parties hereto unless otherwise specified in Section 5, and the provisions hereof shall constitute covenants running with the land for the benefit of the heirs, representatives and assigns of the party.

4. If this Agreement is not executed prior to May ____, 2001, then the terms and conditions contained herein are deemed waived, with no further obligation or responsibilities to either party.

5. Utility will submit this Agreement for PSC consideration after execution by the City. Utility will submit plans for construction of the necessary interconnection to the City and the South Carolina Department of Health and Environmental Control ("SC DHEC") within five (5) days following PSC approval of this Agreement. Utility will commence using City water within five (5) days following approval of the construction plans by the City and the receipt of a Permit to Construct interconnects from SC DHEC.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the date first
above-written:

CITY OF WEST COLUMBIA

By: Wynne M. Rush

Attest: Jennifer L. Cunningham

Attest: Sharon F. Conley

Its: Mayor

CAROLINA WATER SERVICE, INC.

By: David J. Smith

Attest: Carl J. Wiley

Attest: Michael Scully

Its: _____

EXHIBIT 1

UTILITY SERVICE AREA

EXHIBIT 2

EXISTING IDLEWOOD CUSTOMERS

ACCOUNT# NAME
 RTE SER SERVICE ADDR
 STA TYPE CON FEE COMMENTS
 CODE CURR CHG CODE CURR CHG

402 44 131 W IDLEWOOD CIR 36
 D RES LEAK S/D 01/05/01
 ***** SHUT 0.00

020037 4 LORICK, CHERYL A
 402 45 129 IDLEWOOD CIR 37
 D RES

020038 4 PEACOCK, JOHN P
 402 47 127 W IDLEWOOD CIR 38
 D RES

020039 5 GOSS, ROBERT S
 402 48 125 W IDLEWOOD CIR 39
 A RES

020040 5 PRICE, JERRY C
 402 5 188 E IDLEWOOD CIR 40
 A RES

020041 3 LOPER, LLOYD C
 402 9 182 E IDLEWOOD CIR 41
 A RES

020043 4 SANDERS, NANCY E
 402 12 178 W IDLEWOOD 43 CIR
 A RES

020044 3 TORKELSON, MICHELLE
 402 14 176 E IDLEWOOD CIR 44
 D RES

020046 2 PEACOCK, DOROTHY M
 402 17 172 W IDLEWOOD CIR 46
 D RES

020048 1 HOOVER, D A
 402 22 168 W IDLEWOOD 48 CIR
 A RES

020049 3 PADGETT, SCOTT
 402 25 146 W IDLEWOOD CIR 49
 A RES

020050 1 SHERFIELD, ROY S
 402 32 144 W IDLEWOOD CIR 50
 A RES

020051 3 HAIR, NANCY
 402 33 142 W IDLEWOOD CIR 51
 A RES

020052 1 WHITTLE, MORACE
 402 36 140 W IDLEWOOD 52 CIR
 A RES

020053 3 HALL, CHARLES A
 402 37 138 W IDLEWOOD CIR 53
 A RES

020055 6 HOUSER, TINA D
 402 41 134 W IDLEWOOD CIR 55
 A RES

020056 3 MOFFITT, CHARLES J
 402 42 132 W IDLEWOOD CIR 56
 A RES HAS WELL & METER

SUB NAME IDLEWOOD

ACCOUNT# NAME
 RTE SER SERVICE ADDR
 STA TYPE CON FEE COMMENTS
 CODE CURR CHG CODE CURR CHG

402 21 163 E IDLEWOOD CIR 20
 D RES
 ***** SHUT 0.00

020022 3 KING, AL M
 402 23 159 W IDLEWOOD CIR 22
 A RES

020023 3 HOLCOMB, ALISON
 02/12/01 157 W IDLEWOOD CIR
 *F RES
 *00002 -3.68 ***** 00010

020023 4 TAYLOR, LUTHER
 402 24 157 W IDLEWOOD CIR 23
 A RES OWNER/CLEAN UP WAT

020024 9 YEH JR, FRED
 402 26 156 W IDLEWOOD CIR 24
 A RES

020025 2 CARTER, JUANITA
 402 27 153 W IDLEWOOD 25 CIR
 A RES

020026 4 TRAN, HAI H
 402 28 151 W IDLEWOOD CIR 26
 A RES

020027 4 JEFFCOAT, STEVEN
 402 29 149 W IDLEWOOD CIR 27
 D RES

020028 1 MARSHALL, DAVID
 402 30 147 W IDLEWOOD CIR 28
 A RES

020029 1 GREEN, M A
 402 31 145 W IDLEWOOD CIR 29
 A RES

020030 2 KERR, FRED
 402 34 143 IDLEWOOD CIR 30
 A RES

020031 1 BILLINGSLEY, WILLIAM G
 402 35 141 W IDLEWOOD CIR 31
 D RES
 ***** SHUT 0.00

020032 9 CURRIE, KENNETH C
 402 38 139 W IDLEWOOD CIR 32
 A RES

020033 5 COFFEE, BENJAMIN M
 402 39 137 W IDLEWOOD CIR 33
 D RES

020034 1 GILLENLINE, LEROY M
 402 40 135 W IDLEWOOD CIR 34
 A RES

020035 2 ABBOTT, MARVIN
 402 43 133 W IDLEWOOD CIR 35
 A RES

EXHIBIT

2

SUB NAME IDLEWOOD

ACCOUNT#	NAME	RTE	SER	SERVICE	ADDR	STA	TYPE	CON	FEE	COMMENTS	CODE	CURR	CHG	CODE	CURR	CHG
020003	1	BARRIER SR, JACK E				402	49	116	E	IDLEWOOD CIR						
A	RES															

020004 2 EMASIE, DAVID A
402 1 195 E IDLEWOOD CIR

020005 3 POWERS, TIMMIE D
402 3 191 E IDLEWOOD CIR

020006 3 HAKIM, JOHNNY M
402 2 193 E IDLEWOOD CIR

020007 3 SIMPSON, RON
402 4 189 E IDLEWOOD CIR

020008 9 STEAGALL, KEVIN T
402 6 187 E IDLEWOOD CIR

020009 3 RICHARDS, E L
402 7 185 W IDLEWOOD CIR

020010 5 FLOYD, JOHN V
402 8 183 W IDLEWOOD CIR

020011 1 LUNDEEN, JACKIE
402 10 181 S IDLEWOOD CIR

020012 3 POTTER, MIKE
402 11 179 E IDLEWOOD CIR

020013 3 RAUCH, GEORGE
402 12 177 E IDLEWOOD CIR

020014 1 THOMPSON, WILLIAM N
402 15 175 E IDLEWOOD CIR

020015 1 ERYSON, CHARLES D
402 16 173 E IDLEWOOD CIR

020016 1 EDWARDS, FRANCIS J
402 18 171 E IDLEWOOD CIR

020017 2 STURKIE, BETTY J
402 19 167 IDLEWOOD DR

020018 3 WILLIAMS, CHRIS
402 20 165 E IDLEWOOD CIR

020019 4 DOOLEY, RAMONA S
402 21 163 E IDLEWOOD CIR

SUB NAME IDLEWOOD

ACCOUNT#	NAME	RTE	SER	SERVICE	ADDR	STA	TYPE	CON	FEE	COMMENTS	CODE	CURR	CHG	CODE	CURR	CHG
020058	1	LINWOOD, TYNDALL				402	45	125	W	IDLEWOOD CIR						
A	RES															

020060 0 NEW HOPE MIDLANDS,
402 51 200 ERMINE RD

020061 0 DUTCH HEATING AND AIR,
402 52 230 ERMINE RD

020062 0 NEW HOPE MIDLANDS,
402 53 200 ERMINE RD

020063 0 NEW HOPE MIDLANDS,
402 54 200 ERMINE RD

020064 0 NEW HOPE MIDLANDS,
402 55 200 ERMINE RD

VACANT HOUSES ATTACHED
TO WATER SYSTEM

Lots 24, 45 & 47

Lands End

WATER SUPPLY AGREEMENT

Carolina Water Service, Inc. and Lexington County Joint Municipal Water
and Sewer Commission

LAKE MURRAY AREA WATER SYSTEMS

THIS AGREEMENT, made and entered into on this 20th day of May, 1997, by and between Carolina Water Service, Inc., a Delaware corporation, (hereinafter referred to as "Utility") and Lexington County Joint Municipal Water and Sewer Commission, a tax exempt water and sewer authority licensed by the State of South Carolina, (hereinafter referred to as "Commission").

WITNESSETH

WHEREAS, Utility is engaged in the business of furnishing water service to the public in several subdivisions in an area located in the Lake Murray area, in Lexington County, South Carolina, (hereinafter referred to as the "Service Area") and more fully described on the list attached hereto as Exhibit 1, and

WHEREAS, the Commission has previously allowed Utility to interconnect Utility's water mains with the Commission's water distribution system in Utility's Silvercreek/Rollingwood service area to provide Commission water service to Silvercreek/Rollingwood; and

WHEREAS, the Utility now desires to obtain, and the Commission desires to provide water supply service to customers of Utility within the Service Area, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises which shall be deemed an integral part of this Agreement and of the mutual covenants as hereinafter set forth the parties hereto agree as follows:

Section 1

Purpose

It is the purpose and intent of this Agreement to provide for public water service by Utility, utilizing the Commission's water supply, to all dwelling units within the Service Area and to provide for the timely payment to the Commission by Utility of all costs incurred in the provision of water supply to Utility by the Commission. All terms and conditions contained herein shall be read and interpreted in a manner consistent with and in furtherance of this purpose and intent.

Section 2

Supply Service

1. The Commission shall provide water supply service to Utility under terms and conditions contained in this Agreement. Such service shall be provided through Commission off-site water mains with interconnections to Utility's water distribution systems in the Service Area. Utility will install, at its expense, all bulk meter vaults, meters, backflow preventers and mains to interconnect Utility's distribution systems in the Service Area with the Commission's mains. All meters, meter vaults and backflow preventers shall become the property of the Commission as of the date Commission water service is commenced. Commission will maintain and replace such equipment after the service commencement date. All Commission and Utility construction work shall meet all applicable regulatory standards. The Commission will deliver water to Utility with adequate pressure and quantity to serve existing and future Utility customers, subject to any limitations provided for herein.

2. The Commission shall use its best efforts to provide the necessary water supply capacity needed by Utility to service Utility's customers. Notwithstanding any other provisions contained herein, the Commission shall not be liable for any damages as the result of the inability or failure to provide water services pursuant to this Agreement either on a temporary, emergency, or permanent basis. Further, the Commission will be obligated to provide to Utility water which meets or exceeds all state and federal regulatory requirements, in accordance with provisions of this Agreement.

3. Utility and Commission agree that the following method for billing Utility for water sold to Utility by Commission ("The Billing Method") is acceptable to both parties.

The Billing Method: The Commission will establish an initial Water Supply Charge for the Service Area in the amount of \$1.85 per thousand gallons of water, as registered on the master meters installed hereunder by Utility. Such charge shall remain in effect for a period of at least twelve months from the date water service is initiated by Commission. At the end of each twelve (12) month period the Commission rate will be reviewed by the Commission and adjusted, if necessary, based upon Commission expenses and investment. Utility customers will receive Commission water supply at a rate per thousand gallons equal to the lowest wholesale rate authorized by the Commission for similarly situated bulk rate customers.

4. Commission will bill Utility monthly for all water registered on master meters installed hereunder. In the event that payment is not made to Commission by Utility within 15 days after each Commission monthly billing, Utility agrees to pay interest to the Commission at the rate of one and one-half percent (1 1/2%) per month on the outstanding delinquent amount to the Commission after such 15 day period until said delinquent balance is paid in full. The Commission shall have the right to terminate service if any delinquent balance is not paid within forty-five (45) days of the monthly billing date.

5. In the event the Commission agrees to provide bulk water supply to Utility so that Utility may extend retail water service to new customers outside the Service Area, Utility agrees to collect a Commission connection fee, after service is initiated by the Commission under this Agreement, equal to \$600 per single family equivalent for all new connections outside the Service Area served by Utility and receiving Commission water. It is agreed by both parties hereto that Utility shall continue to collect authorized connection fee as included in its tariff, in addition to the Commission connection fee.

Section 3

South Carolina Public Service Commission (the "PSC") Authorizations

1. The parties acknowledge that the Utility will initially charge its customers \$1.90 per thousand for water supplied by the Commission. The charge will be based on the gallons registered on Utility customer meters and includes \$.05 per thousand gallons to partially reimburse Utility for company used water, for flushing, leaks, etc. The pass-through of the cost of Commission water to Utility customers plus the \$.05 previously mentioned, as well as the terms of this Agreement must be approved by the PSC. The PSC must also approve the implementation of the Utility's \$1.85 per thousand gallons Water Distribution Charge.

2. The Commission agrees to actively participate and cooperate with Utility in securing PSC approval of this Agreement in its entirety.

3. It is understood and agreed by both parties to this Agreement that should the PSC fail to approve the items and terms contained herein-above within twelve (12) months, this Agreement may be immediately terminated by Utility and then neither party shall have any further obligation hereunder.

Section 4

Exclusive Supply Commitment and Exclusive Water Service

Commitment

During the term of this Agreement, as long as Commission is able to meet Utility's water needs, Utility agrees to not utilize alternative water supply sources, including the Utility's existing water supply facilities, to service its customers within subdivisions listed on Exhibit 1. However, Utility may retain its existing supply facilities as an emergency back-up to be used in the event that the Commission cannot provide the necessary and sufficient water supply capacity to meet the service demand requirements of Utility's customers.

Section 5

General Provisions

1. This Agreement shall be executed in two counterparts, each of which will be considered an original. This Agreement is binding upon the successors and assignees of the parties hereto. The provisions of this Agreement constitute the entire terms and provisions of this Agreement between the parties hereto, and no amendment or alteration shall be binding unless the party affected thereby shall have executed a written instrument amending the Agreement. Whenever one party gives notice to the other party concerning any of the provisions of this Agreement, such notice shall be given by certified mail, return receipt required. Said notice shall be deemed given when it is deposited in the United States mail with sufficient postage prepaid (notwithstanding that the return receipt is not subsequently received).

Notices shall be addressed as follows:

LEXINGTON COUNTY JOINT MUNICIPAL WATER AND SEWER COMMISSION

P.O. Box 1966

Lexington, SC 29071

CAROLINA WATER SERVICE INC.

2355 Sanders Road

Northbrook, IL 60062

Attn: James L. Camaren

Chairman & CEO

These addresses may be changed by giving notice as provided for in this paragraph.

2. No waiver of breach of any of the terms of this Agreement shall be construed to be a waiver of any succeeding breach.

3. Utility hereby indemnifies Commission from any liability arising out of the distribution and sale of the Commission supplied water through Utility's mains throughout the Service Area, provided that Commission furnishes potable water to the Utility at the master meter location(s), which meets all regulatory standards, subject to limitations herein.

Section 6

Default

If either party materially fails or defaults in keeping, performing, or abiding by the terms and provisions of this Agreement, then the non-defaulting party shall give written notice to the defaulting party specifying the nature of the default. If the defaulting party does not cure the default within thirty (30) days after the date of written notice, then this Agreement, at the option of the non-defaulting party, shall terminate. Neither party shall be relieved of liability to the other for damages sustained by virtue of any party wrongfully exercising this provision. This paragraph is not intended to replace any other legal or equitable remedies available to any non-defaulting party under South Carolina law, but it is in addition thereto. Notwithstanding the foregoing, any failure to make timely payments shall be considered a material default under the terms of this Agreement without the necessity for any written notice to Utility.

Section 7

Term

1. This Agreement shall have a term of twenty (20) years commencing on the date of water service initiation. This Agreement shall not be considered an obligation on the part of the Commission to perform in any way other than as indicated in this Agreement. The Commission shall not be obligated under the terms of this Agreement to supply additional water for Utility to areas outside the Service Area, unless the Commission issues written notification that it does not object to such additional service, along with any conditions of such service.

2. Should Utility sell to a municipal entity any part or all of the water systems owned within the Service Area during the term of this Agreement, said municipal entity will have the right to terminate this agreement by providing a twelve month notice of cancellation to the Commission. Such termination will only apply to the specific systems purchased from Utility by said municipal entity.

Section 8

Force Majeure

1. If, by reason of force majeure, either party hereto shall be rendered unable, in whole or in part, to carry out its obligations under this Agreement, then, and in that event, said party shall give notice in writing, to the other party, within a reasonable time thereafter, giving the full particulars of such force majeure.

The obligations of the party so affected shall thereupon be suspended and such suspension shall continue during the period in which such inability continues; provided, however, that the disabled party shall endeavor with all reasonable dispatch, to remove or overcome such inability. Provided further, however, that this Section 8 shall not apply to failures by Commission or Utility to make payments or credits for services rendered as specified under Section 2 entitled "Supply Service."

2. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of PSC and courts of this State, orders of any kind of the government of the United States or the State of South Carolina, or any military authority, insurrection, riots, epidemics, landslides, earthquakes, fires, storms, hurricanes, floods, wash-outs, droughts, arrests and restraints of government and people, civil disturbances, explosions, breakage or damage to machinery, canals, tunnels, or pipelines, partial or entire failure of water system, improper operation or failure of the City of West Columbia Water Treatment or Commission facilities, which results in delivery of substandard water quality or pressure to the Commission system, or the inability of Commission to furnish water hereunder or Utility to receive water hereunder for any reason or cause not reasonably within the control of the party claiming such inability.

Section 9

Miscellaneous Provisions

1. In the event the Utility disputes the accuracy of any meter reading, it must notify the Commission within thirty (30) days of billing and request the Commission demonstrate through appropriate calibration testing that the meter is functioning properly in accordance with manufacturers standards and specifications. All meter readings not disputed within thirty (30) days of receipt by Utility are final and not subject to dispute. In the event Utility disputes the billing it shall pay the disputed amount billed by the Commission unless otherwise arranged with Commission for self-evident or obvious errors or mechanical problems. If it is subsequently determined that the billing is in error, then Utility will be reimbursed

for any difference within thirty (30) days of such determination. If it is demonstrated that the Commission's meter is not working properly, the Commission shall be responsible for the cost of testing, repair, or replacement. In the event of any unresolved dispute concerning the meter's performance or accuracy, the parties shall agree to mutually select an independent testing company qualified to perform appropriate tests upon the meter. The decision of this mutually selected testing company as to the meter's performance or accuracy shall be binding upon the parties. In the event the meter is determined to be accurate within the range of tolerance, then the cost of testing shall be paid by Utility. If the meter is determined to be inaccurate and outside the range of tolerances then the Commission shall pay for the cost of testing.

2. The parties hereto agree that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take other actions as may be reasonably required to carry out the intent of this Agreement.

3. This Agreement shall be binding upon the heirs, representatives and assigns of the parties hereto and the provisions hereof shall constitute covenants running with the land for the benefit of the heirs, representatives and assigns of the party.

4. If this Agreement is not executed prior to May 27, 1997, then the terms and conditions contained herein will be waived, with no further obligation or responsibilities to either party.

5. Utility will submit this Agreement for PSC consideration within ten (10) days after execution by the Commission. Utility will submit plans for construction of the necessary interconnection to the South Carolina Department of Health and Environmental Control ("SC DHEC") within thirty (30) days following PSC approval of this agreement. Utility will commence using Commission water within ninety (90) days following the receipt of a Permit to Construct interconnects from SC DHEC.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands
and seals the date first above written.

LEXINGTON COUNTY JOINT MUNICIPAL
WATER AND SEWER COMMISSION

Attest: Rene Loubach
Attest: Katherine A. Morris

By: William C. Brue
GENERAL MANAGER
MAY 15, 1997

CAROLINA WATER SERVICE, INC.

Attest: [Signature]
Attest: Riebard Seely
By: [Signature]

EXHIBIT 1

Carolina Water Service, Inc. - Lake Murray
Service Area

The Landings
Harborside
Land's End
Spences Point
Mallard Shores
Windward Point
Harbor Place

**40 Love
Stonegate
Indian Fork**



THE COUNTY COUNCIL FOR RICHLAND COUNTY
1701 Main Street Post Office Box 192 Columbia, South Carolina 29202

May 7, 1984

Mr. Ken Deaver
Carolina Water Services, Inc.
P.O. Box 4509
West Columbia, SC 29171

SUBJECT: Hollingshed Creek Sewer Project

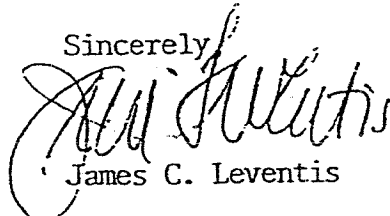
Dear Mr. Deaver:

Forwarded for review and acceptance is a Contract of Agreement between Richland County and Carolina Water Services, Inc. for our proposed joint venture involving the Hollingshed Creek Sewer Project.

It is believed that the Agreement addresses the issues as discussed during negotiations with you and your representatives. If acceptable, please execute the Agreement and return to Richland County at your earliest convenience. Upon receipt of the executed copy of this Agreement, a copy of same will be returned to you for your information and files. If there is need for further discussion of issues, it is also requested that we be advised so that, hopefully, agreement can be reached.

Your cooperation is appreciated.

Sincerely,



James C. Leventis

Enclosure

cc: County Administrator
Utilities and Services Coordinator
County Attorney

RECEIVED MAY 9 1984

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

CONTRACT OF AGREEMENT

This Agreement entered into this 1st day of May, 1984, by and between the County of Richland, State of South Carolina, (hereinafter referred to as "the County") and the Carolina Water Services, Inc., (hereinafter referred to as "CWSI") a corporation existing under the laws of the State of South Carolina.

This Agreement represents the whole agreement between the two parties of the contract and supersedes and replaces any previous agreement concerning the subject matter of this contract.

RECITALS

WHEREAS, CWSI owns and operates the Stonegate Wastewater Treatment facilities; and

WHEREAS, the County desires to obtain the Stonegate Wastewater Treatment Facilities.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

Article I - CWSI shall:

- 1) Deed within sixty (60) days of execution hereof, the Stonegate wastewater treatment facility and its effluent discharge line to the County at no cost;
- 2) Provide, within thirty (30) days of signing, the most recent annual operating and maintenance budget for the Stonegate wastewater treatment facility.

Article II - The County shall:

1) Provide to CWSI 500 sewer tap certificates for connection only to the Stonegate facility or other wastewater treatment facility owned by the County in the Hollingshed Creek service area. These tap certificates shall be for the right to connect to the treatment facility only and shall not include the cost of connection to the sewage transportation system. If at any time there is no treatment capacity available, the County shall have no obligation regarding the tap certificates until such time as treatment capacity comes on line. The tap certificates shall be valid for ten years, beyond which they shall become invalid. However, the life of the certificates may be extended for the period of time that CWSI can not utilize the certificates due to the nonavailability of treatment capacity.

2) Negotiate a separate contract with CWSI to provide for treatment of wastewater from CWSI customers in the Stonegate and upper reaches of the Friarsgate service areas;

3) Permit CWSI to continue to service existing and future customers in its Stonegate and Friarsgate service areas; however, those developers and private landowners who opt to be provided sewer service by the County shall be provided the service, provided the capability exists and the customer is willing to pay the prevailing costs at the time.

4) Not interfere with CWSI's private utility activities in Lexington County, near the County line; however, those developers and private landowners who opt to be provided sewer services by the County shall be provided the service, provided the capability exists and

the customer is willing to pay the prevailing costs at the time.

ARTICLE III - Contract's Contingency

The County's agreement to the above conditions is contingent upon the County's ability to reach agreement with the Hollingshed Creek Partnership on the construction of the Hollingshed Creek Sewer Project, Phases I and II. If the agreement with the Hollingshed Creek Partnership does not materialize, any agreement with CWSI is null and void.

WITNESS OUR HANDS AND SEALS this year and date first above written.

WITNESSES:

Karen C. Brady

Timothy E. Clements
000

James C. Leventis
James C. Leventis
Chairman Richland County Council

ATTEST:

Brenda Fuller
Clerk of Council

WITNESSES:

George S. K...
Raymond...

Carolina Water Services, Inc.

ATTEST: _____

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me Karen C. Brady who being duly sworn, says that (s)he saw the within-named County of Richland, by James C. Leventis, its Chairman of County Council, and Brenda Fuller, its Clerk of Council, sign, seal and as its act and deed deliver the within written Agreement for the uses and purposes therein mentioned, and that (s)he with Jeffrey P. Clements witnessed the execution thereof.

Karen C. Brady

SWORN to before me this 8th day
of May, 1984.

Jeffrey P. Clements
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission expires: April 25, 1994

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me George S. King, Jr. who being duly sworn says that (s)he saw the within-named, Carolina Water Services, Inc., by Barry E. Owens its President, and its _____, sign, seal and as its act and deed deliver the written Agreement for the uses and purposes therein mentioned, and that (s)he with Darryl L. Williams witnessed the execution thereof.

George S. King, Jr.

SWORN to before me this 28th day
of May, 1984.

Darryl L. Williams
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission expires: 11-10-87



Richland County Government

Utilities & Services Department

August 14, 1984

Mr. David L. Owens
Executive Vice President
Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, Illinois 60062

Subject: Hollingshed Creek Sewer Project;
Consummation of Agreement with
Carolina Water Service, Inc.


Dear Mr. Owens:

Thank you for your letter of August 7, 1984 which returned a revised contract for treatment of wastewater from customers of your utility company by Richland County. Your proposed changes to the contract, including the revised billing procedures, are acceptable and a copy of the signed document was delivered to Mr. Kenneth M. Deaver on August 13, 1984 along with 473 sewer tap certificates for connection to the Stonegate or future Hollingshed Creek treatment facility. Additionally, it was agreed that Richland County would assume operational and maintenance responsibility of the plant on August 16, 1984.

As a matter of record, a recapitulation of sewer taps associated with the Stonegate facility is given. The design capacity of the plant is 625 taps of which 473 have been accounted for by the tap certificates delivered on August 13, 1984. Carolina Water has credit for use of the remaining 152 taps, including the presently 119 connected residences, within the Stonegate subdivision for which no tap fee will be required.

It has been a pleasure working with you and your representatives.

Sincerely,


Marion M. Wood
Director, Utilities & Services

MMW/th

cc: Sanitary Engineer
Mr. Kenneth M. Deaver ✓
Mr. Johnny T. Johnson

RECEIVED

AUG 16 1984

CLERK OF THE COURT

This Contract is entered into this 9TH day of AUGUST, 1984, by and between the County of Richland, State of South Carolina (hereinafter referred to as "the County") and Carolina Water Service, Inc. (hereinafter referred to as "CWSI"), a corporation existing under the laws of South Carolina.

RECITALS

WHEREAS, the County and CWSI have entered into a separate contract of agreement which provides for the transfer of ownership of the Stonegate Wastewater Treatment Facility to the County on or about August 1, 1984;

WHEREAS, the County has agreed to, as part of the separate agreement involving the transfer of ownership of the Stonegate Wastewater Treatment Facility, provide for treatment of wastewater from CWSI customers in the Stonegate and upper reaches of the Friarsgate service areas;

WHEREAS, the County will also transport and treat wastewater from CWSI customers in the Indian Fork and Forty Love subdivisions in Lexington County. Transportation and treatment of wastewater for other CWSI customers in Lexington County will be provided when system capacity is available; and

WHEREAS CWSI shall pay the County for connection to the sewer system and for treatment of wastewater at ^{all} the rate established in this Contract.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

The County shall:

- 1) Provide transportation and treatment of wastewater from CWSI customers in the Stonegate and upper reaches (west of Ballentine) of the Friarsgate service areas and for CWSI customers in the Indian Fork and Forty Love subdivisions in Lexington County. The connection of other CWSI customers in Lexington County to the sewer system will be permitted when sewer line and wastewater treatment capacity exists.
- 2) Provide the above-described wastewater transportation and treatment at the rate of \$11.00 per residential customer per month. Rates for commercial customers shall be based on average water consumption per day divided by 400 gallons per day multiplied by the monthly residential rate. Rates are subject to change as determined by the County and after 30-day notice to CWSI. Customers connected to the sewer system before the 16th of the month shall be paid for at the rate of a full month's charge; customers connected on the 16th or later in the month shall be paid for at the rate of one-half the full monthly rate.

ARTICLE II

CWSI shall:

- 1) Provide to the County by August 10, 1984 a list of customers connected to the Stonegate Wastewater Treatment Facility as of August 1, 1984. Supplemental customer lists shall be provided on a bi-monthly basis to include the date each new customer was connected to the system.
- 2) Pay to the County by the end of the following month the total fees owed to the County for the previous two months' wastewater

transportation and treatment services. These fees shall be computed based on the rate schedule above. If the fees are not paid within 30 days following the end of the bi-monthly period, a late charge of one and one-half percent (1.5%) shall be levied against the total amount due. This penalty will be levied and compounded for each monthly period until the full amount due has been paid. The County may take appropriate action, including refusal to accept CWSI wastewater for treatment, to collect the fees. Cost of collection of unpaid fees shall be assessed against CWSI.

- 3) Pay to the County the prevailing connection (sewer tap) cost to the sewer transportation system and to the wastewater treatment facility. These costs shall be paid prior to the connection of a new customer to the system.
- 4) Commercial customers shall not be connected to the sewer system without prior written approval by the Richland County Utilities & Services Coordinator.
- 5) Inspect and use its best efforts to control the introduction into the wastewater of toxic chemical compounds or other waste in sufficient quantity to inhibit the biological treatment process of the treatment facility. Yard drains, roof drains, catch basins and other sources of storm water shall not be connected to any sewer which contributes to the inflow of the plant, nor shall oil, grease or any other petroleum product be discharged to a sewer contributing to the inflow of the plant.
- 6) Inspect and use its best efforts to control the quality of wastewater connected to the small-diameter force main system to ensure that solids are first removed through the use of properly operating septic tanks or other approved sedimentation process.

7) Operate and maintain the wastewater collection system in accordance with requirements of the Department of Health and Environmental Control.

8) Transport CWSI wastewater to a pump station or force main designated by the County. The connection will be made to the existing sewer transportation system nearest the point of generation of the wastewater, unless the capacity is insufficient.

9) Permit County representatives to inspect any of the collection system to ensure that proper operational and maintenance measures are being taken in accordance with the above requirements and sound engineering practices.

WITNESS OUR HANDS AND SEALS this the 9th day of August,
1984.

WITNESSES:

Edward M. Parler

Terry E. Clements

WITNESSES:

Donald T. Arnes

Carol L. Clark

COUNTY OF RICHLAND

By:

Joe C. Fullers

ATTEST:

Quinda Fuller

CAROLINA WATER SERVICE, INC.

By:

David L. Owens
Exec. V.P.

ATTEST:

David L. Owens
Vice Pres.

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON) AGREEMENT

This Agreement ("Agreement") is entered into this 16th
day of April, 19~~89~~⁹⁰ by and between the Town of Chapin,
("Chapin"), Carolina Water Service, Inc. ("CWS"), a Delaware
corporation, and the County of Richland ("the County").

RECITALS

WHEREAS, the County has heretofore acquired from CWS the
wastewater treatment facility formerly owned by CWS and known as
the Stonegate Facility, as set forth in an agreement between the
County and CWS dated May 1, 1984; and

WHEREAS, as part of the consideration supporting the
above-described May 1, 1984 agreement, the transportation and
treatment of wastewater for CWS customers in the Indian Fork and
Forty Love Subdivisions (as well as certain other CWS customers)
has heretofore been provided by the County pursuant to a separate
contract dated August 9, 1984 between it and CWS, which contract
is attached hereto and incorporated herein by this reference as
Exhibit "A"; and

WHEREAS, the County and Chapin wish hereby to enter into
an agreement whereby Chapin will assume the obligations owed by
the County to CWS as to the transportation and treatment of the

wastewater generated by CWS's customers in the Indian Fork Subdivision as required in Exhibit "A"; and

WHEREAS, CWS consents to the assumption by Chapin of the County's obligations to CWS pursuant to Exhibit "A" as to the transportation and treatment of the wastewater generated by CWS's customers in the Indian Fork subdivision; and

WHEREAS, Chapin has obtained a "municipal sewer service area" from the County of Lexington to provide wastewater treatment services in Lexington County north of Lake Murray from the Lexington County line to the Newberry County line, as more particularly described in the letter from the Lexington County Administrator dated October 11, 1988, a copy of which is attached hereto as Exhibit "B" (the "Service Area"); and

WHEREAS, CWS is desirous of providing wastewater treatment services in certain portions of the Service Area which area is graphically shown on a "Map of Service Area" prepared for CWS by Johnson, Knowles, Burgin and Bouknight, Inc., undated, and shown as, Drawing No. 1, which is attached hereto and incorporated herein as Exhibit "C" (the "Sub- Service Area"); and

WHEREAS, Chapin agrees to grant CWS the right to serve customers in the Sub- Service Area consistent with and subject to the Lexington County Water and Sewer Ordinance No. 87-12, and any amendments thereto (however, CWS does not, by providing any such service in the Sub-Service Area accede to the constitutionality, lawfulness, or propriety of the application of said ordinance).

NOW, THEREFORE, for and in consideration of the mutual

covenants contained herein, the parties hereto agree as follows:

ARTICLE I - OBLIGATIONS OF CHAPIN

Chapin shall:

- 1) Provide transportation and treatment of wastewater generated by CWS customers in the Indian Fork Subdivision and delivered by CWS to the pump station which has heretofore been installed and is owned and maintained by Chapin. This pump station, to which CWS shall deliver wastewater, is located in the Indian Fork Subdivision and is graphically shown on a Site Plan prepared for Indian Fork Development Company by Johnny T. Johnson & Associates, Inc., Drawing No. A-1 and dated December, 1983, a copy of which is attached hereto and incorporated herein as Exhibit "D". Chapin shall continue to own, operate and maintain said pump station for the purpose of accepting the wastewater generated by CWS customers in the Indian Fork subdivision and shall be solely responsible for its upkeep.
- 2) Provide the above-described wastewater transportation and treatment at the prevailing rate charged by the County under Exhibit "A" for the bulk treatment of wastewater, which is \$11.00 per month per residential customer equivalent. Rates for commercial customers shall be based upon average water consumption per day, divided by 400 gallons per day, and multiplied by the Richland County monthly residential rate. These rates will remain in effect until December 31, 1990. Thereafter CWS agrees to pay a flat monthly fee for each

residential customer in an amount equal to sixty-seven and one-half (67.5%) percent of the fees charged to Chapin's residential customers not residing in the Town of Chapin. Rates for commercial customers after December 31, 1990 shall be based upon average water consumption per day, divided by 400 gallons per day, and multiplied by 67.5% of Chapin's residential rate for its customers residing outside of the Town of Chapin.

- 3) Allow CWS customers to connect to the system upon purchase of a tap certificate from Chapin. CWS agrees that it shall not allow connection of any customer within CWS's service area within the Indian Fork Subdivision or within the Sub- Service Area, without first determining that such customer has purchased a sewer tap certificate from Chapin.
- 4) Notwithstanding the provisions of paragraphs five (5), and six (6), of Article II, infra, Chapin agrees that CWS shall be held harmless for damages of any sort or nature whatsoever which may arise from the intentional act or acts of any individuals or entities (other than CWS, its agents or employees) which are violative of any law, rule, or regulation of any governmental entity (including, but not limited to, federal, state, local or municipal entities) regarding

protection of the environment, including water, air or associated standards.

- 5) Allow, without interference of any sort, CWS to expand its facilities so as to serve customers not presently served by CWS, but which are located in the Sub-Service Area, in accordance with the preceding four (4) paragraphs of this Article I. PROVIDED, however, nothing contained herein shall require CWS to serve any customer or customers in the Sub-Service Area, outside Indian Fork Subdivision as defined above and shown on Exhibit "C", the decision to provide or not to provide service in the Sub-Service Area outside Indian Fork Subdivision being in the sole discretion of CWS. However, should CWS decline to serve any customer(s) in the Sub-Service Area, outside Indian Fork Subdivision, pursuant to this paragraph, Chapin shall have the right to provide service to any customer(s) previously denied service by CWS hereunder and, upon Chapin's reaching an agreement with any such customer or customers, CWS shall surrender that portion of the Sub-Service Area to Chapin. Notwithstanding the foregoing, CWS shall not be prohibited from later agreeing to provide service to any potential customer or customers to whom both CWS and Chapin shall have previously refused to provide service.

ARTICLE II - OBLIGATIONS OF CWS

CWS shall:

- 1) Provide to Chapin by October 31, 1989, a list of customers connected to the sewer system in Indian Fork Subdivision as of October 1, 1989. Supplemental customer list shall be provided on a monthly basis to include the date each new customer was connected to the system.
- 2) Pay to Chapin, by the end of the month following the second date recited in Paragraph One (1) of this Article II, and monthly thereafter, the total fees owed to Chapin for the previous month's wastewater transportation and treatment service. These fees shall be computed based on the rate schedule recited above. If the fees are not paid within thirty (30) days following the end of the monthly period, a late charge of one and one-half (1.5%) percent shall be levied against the total amount due. If the fees are not remitted within sixty (60) days of the due date, then, upon ten (10) days after sending written notice by Certified Mail, Return Receipt Requested, Chapin may withhold its services hereunder, until such payments are remitted. If legal action is required to collect any arrearages, all costs of collection including a reasonable attorney fee shall be added to the amount of the debt.

- 3) Commercial customers shall not be connected to the sewer system without prior written approval by Chapin.
- 4) Transport CWS wastewater to the pump station described in Article I, paragraph one (1) above, and to any pump stations constructed to accommodate new CWS customers in the Sub-Service Area.
- 5) Inspect all interceptor tanks not less frequently than on or before every other anniversary date of this Agreement, or more frequently if required by any Agency, and use its best efforts to control the quality of wastewater entering the small diameter force main system in Indian Fork subdivision to ensure that solids are first removed through the use of properly operating septic tanks or other approved sedimentation processes.
- 6) Operate and maintain the wastewater collection system in accordance with requirements of the S.C. Department of Health and Environmental Control ("DHEC") and furnish to Chapin copies of all reports as are required to be submitted to DHEC thereunder.

ARTICLE III - REPRESENTATIONS AND WARRANTIES

- 1) Chapin represents and warrants that it is authorized by the County of Lexington to provide wastewater treatment services in the Sub-Service Area as shown on Exhibit ("C").

Handwritten:
1/10/03
"B"

- 2) Chapin represents and warrants that, pursuant to the within Agreement, customers of CWS will not be subjected to discriminatory rate practices by Chapin insofar as rates and services are concerned vis-a-vis similarly situated non-resident customers of Chapin.
- 3) Chapin represents and warrants that CWS will be provided the services by Chapin contemplated hereunder on a continual and uninterrupted basis, as long as CWS pays Chapin for such services in accordance with the rates and charges established hereunder, and so long as CWS performs its other obligations established hereunder.
- 4) County represents and warrants that it will continue to provide service to CWS and its customers in the other areas covered by the Agreement between County and CWS embodied in Exhibit "A", not assumed by Chapin hereunder (i.e. all areas other than Indian Fork subdivision).

ARTICLE IV - Miscellaneous

- 1) It is further agreed and recognized by all parties hereto that the rights and obligations of CWS and Chapin, relative to treatment and transportation of wastewater generated by CWS customers, are to be governed by this Agreement, and that the similar rights and obligations of CWS and County, except

insofar as service within the Indian Fork subdivision is concerned, shall continue to be governed by Exhibit "A".

- 2) Default: if any party hereto breaches a material obligation as established by this Agreement, such breach will constitute a default; the non-defaulting party shall give written Notice of such default and the defaulting party shall have ten (10) days, in event of nonpayment as provided in Article II, Paragraph Two (2), or sixty (60) days written notice by Certified Mail, Return Receipt Requested, for other events of default, including, but not limited to failure to provide a current and accurate list of CWS customers using the Chapin system, failure to conduct required inspections, and failure to maintain the system, as is within the Control of the party, in proper working order, within which to cure such default. If such default is not cured within such notice period, the non-defaulting party may hold in abeyance continued performance of its obligations under this Agreement until such time as the default is cured. This remedy is in addition to, and not in lieu of any other remedies at law or in equity. In the event that any party hereto suffers actual or consequential damages as a result of a breach hereof, any judgment obtained shall include costs of the action and reasonable attorney fees.

IN WITNESS WHEREOF, the parties have set their hands and seals
the day and year above first written.

WITNESSES:

[Signature]

TOWN OF CHAPIN

By: Stanley E. Sheaf
Its: MAYOR

WITNESSES:

Mitchell Weingarten
[Signature]

CAROLINA WATER SERVICE, INC.

By: [Signature]
Its: Vice President

WITNESSES:

Brenda Fuller
[Signature]

COUNTY OF RICHLAND

By: [Signature]
Its: Chairman

APPROVED COUNTY ATTORNEY

DATE Feb 1, 1990
SIGNATURE M. A. Hobbs

Response to Request 1.42

WTRPAA 7/03

FOR THE PERIOD ENDING: 12/31/03

UTILITIES, INC. CONSOL.									
AMORTIZATION OF PAA - WATER									
CO#	A SUBDIV	B GROSS PAA	C		AMORT RATE ANNUAL	AMORT RATE ANNUAL	AMORT RATE FOR MONTH # 1	E JUL - DEC 2003 CURRENT PERIOD AMORTIZATION (1 MONTH) -B*D	F JAN-JUN 2003 PRIOR PERIOD AMORTIZATION (1 MONTH)
			BEGACCUJ.	AMORT PAA					
070	298				0.000%	0.000%	0.00		
070	350	5,339.59	(2,739.55)		1.500%	1.500%	(6.67)		(6.67)
070	356	(21,832.04)	9,650.14		1.500%	1.500%	27.29		27.29
070	360	500.00	(260.07)		1.500%	1.500%	(0.63)		(0.63)
070	362	(14,261.00)	6,419.94		1.500%	1.500%	17.83		17.83
070	363	2,504.30	(840.50)		1.500%	1.500%	(3.13)		(3.13)
070	364	(83,292.42)	36,333.87		1.500%	1.500%	104.12		104.12
070	370	(15,746.00)	6,608.91		1.500%	1.500%	19.68		19.68
070	371	(45,990.76)	19,319.32		1.500%	1.500%	57.49		57.49
070	373	2,430.16	(799.97)		1.500%	1.500%	(3.04)		(3.04)
070	378	2,036.98	(778.45)		1.500%	1.500%	(2.55)		(2.55)
070	381				0.000%	0.000%	0.00		
070	384	(34,386.80)	14,544.54		1.500%	1.500%	42.98		42.98
070	385	(35,114.00)	12,382.77		1.500%	1.500%	43.89		43.89
070	391	(108,080.49)	23,526.61		1.500%	1.500%	135.10		135.10

FOR THE PERIOD ENDING: 6/30/04									
UTILITIES, INC. CONSOL.									
AMORTIZATION OF PAA - WATER									
WTRPAA 1/04									
CO#	A SUBDIV	B GROSS PAA	C		D		E	F	J END.ACCUM. AMORT.PAA C + G
			BEG.ACCUM. AMORT PAA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	AMORT RATE FOR MONTH # 1	JAN-JUN 2004	JUL - DEC 2003	
							CURRENT PERIOD AMORTIZATION (1MONTH) -B*D	PRIOR PERIOD AMORTIZATION (1 MONTH)	
6 month DIFFERENCE: E*6-F*6									
070	298				0.000%	0.000%	0.00		0.00
070	350	5,339.59	(2,779.57)	1.50	1.500%	0.125%	(6.67)	(6.67)	(2,819.59)
070	356	(21,832.04)	9,813.88	1.50	1.500%	0.125%	27.29	27.29	9,977.62
070	360	500.00	(263.85)	1.50	1.500%	0.125%	(0.63)	(0.63)	(267.63)
070	362	(14,261.00)	6,526.92	1.50	1.500%	0.125%	17.83	17.83	6,633.90
070	363	2,504.30	(859.28)	1.50	1.500%	0.125%	(3.13)	(3.13)	(878.06)
070	364	(83,292.42)	36,958.59	1.50	1.500%	0.125%	104.12	104.12	37,583.31
070	370	(15,746.00)	6,726.99	1.50	1.500%	0.125%	19.68	19.68	6,845.07
070	371	(45,990.76)	19,664.26	1.50	1.500%	0.125%	57.49	57.49	20,009.20
070	373	2,430.16	(818.21)	1.50	1.500%	0.125%	(3.04)	(3.04)	(836.45)
070	378	2,036.98	(793.75)	1.50	1.500%	0.125%	(2.55)	(2.55)	(809.05)
070	384	(34,386.80)	14,802.42	1.50	1.500%	0.125%	42.98	42.98	15,060.30
070	385	(35,114.00)	12,646.11	1.50	1.500%	0.125%	43.89	43.89	12,909.45
070	391	(108,080.49)	24,337.21	1.50	1.500%	0.125%	135.10	135.10	25,147.81

THE PERIOD ENDING: 12/31/03
UTILITIES, INC. CONSOL.
AMORTIZATION OF PAA - SEWER

SWRPAA 7/03

CO#	A SUBDIV	B GROSS PAA	C BEG.ACCUM. AMORT PAA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D AMORT RATE FOR MONTH # 1	E JUL - DEC 2003 CURRENT PERIOD AMORTIZATION	F JAN - JUN 2003 PRIOR PERIOD AMORTIZATION	I DIFFERENCE	J END.ACCUM. AMORT.PAA
070	357	(20,153.04)	8,912.56	1.50	1.500%	0.125%	25.19	25.19	0.00	9,063.70
070	362	(21,391.00)	9,361.63	1.50	1.500%	0.125%	26.74	26.74	0.00	9,522.07
070	364	(76,250.58)	33,639.50	1.50	1.500%	0.125%	95.31	95.31	0.00	34,211.36
070	366	(140,514.78)	61,697.28	1.50	1.500%	0.125%	175.64	175.64	0.00	62,751.12
070	371	(97,730.24)	41,047.59	1.50	1.500%	0.125%	122.16	122.16	0.00	41,780.55
070	373	2,430.15	(799.97)	1.50	1.500%	0.125%	(3.04)	(3.04)	0.00	(818.21)
070	376	184.20	(74.73)	1.50	1.500%	0.125%	(0.23)	(0.23)	0.00	(76.11)
070	378	2,036.97	(778.45)	1.50	1.500%	0.125%	(2.55)	(2.55)	0.00	(793.75)
070	379	3,991.15	(1,523.49)	1.50	1.500%	0.125%	(4.99)	(4.99)	0.00	(1,553.43)
070	380	1,461.65	(556.46)	1.50	1.500%	0.125%	(1.83)	(1.83)	0.00	(567.44)
070	384	(42,517.42)	17,675.64	1.50	1.500%	0.125%	53.15	53.15	0.00	17,994.54
070	431	(85,818.08)	33,173.85	1.50	1.500%	0.125%	107.27	107.27	0.00	33,817.47

FOR THE PERIOD ENDING: 6/30/04
 UTILITIES, INC. CONSOL.
 AMORTIZATION OF PAA - SEWER

SEWER PAA

OO#	A SUBDIV	B GROSS PAA	C BEG. ACCUM. AMORT PAA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D AMORT RATE FOR MONTH # 1	E JAN - JUN 2004 CURRENT PERIOD AMORTIZATION	F JUL - DEC 2003 PRIOR PERIOD AMORTIZATION	I DIFFERENCE	J END. ACCUM. AMORT. PAA
070	298	(20,153.04)	9,063.70	1.50	1.500%	0.125%	25.19	25.19	0.00	0.00
070	357	(21,391.00)	9,522.07	1.50	1.500%	0.125%	26.74	26.74	0.00	9,214.84
070	362	(76,250.58)	34,211.36	1.50	1.500%	0.125%	95.31	95.31	0.00	9,682.51
070	364	(140,514.78)	62,751.12	1.50	1.500%	0.125%	175.64	175.64	0.00	34,783.22
070	366	(97,730.24)	41,780.55	1.50	1.500%	0.125%	122.16	122.16	0.00	63,804.96
070	371	2,430.15	(818.21)	1.50	1.500%	0.125%	(3.04)	(3.04)	0.00	42,513.51
070	373	184.20	(76.11)	1.50	1.500%	0.125%	(0.23)	(0.23)	0.00	(836.45)
070	376	2,036.97	(793.75)	1.50	1.500%	0.125%	(2.55)	(2.55)	0.00	(77.49)
070	378	3,991.15	(1,553.43)	1.50	1.500%	0.125%	(4.99)	(4.99)	0.00	(809.05)
070	379	1,461.65	(567.44)	1.50	1.500%	0.125%	(1.83)	(1.83)	0.00	(1,583.37)
070	380	(42,517.42)	17,994.54	1.50	1.500%	0.125%	53.15	53.15	0.00	(578.42)
070	384	(85,818.08)	33,817.47	1.50	1.500%	0.125%	107.27	107.27	0.00	18,313.44
070	431								0.00	34,461.09

Response to Request 1.53

WATER CIAC AMORTIZATION

PERIOD ENDING: 6/30/04
 OPERATING COMPANIES
 AMORTIZATION OF CIA - WATER

OPERATING COMPANIES AMORTIZATION OF CIA - WATER					E JAN - JUNE 2004 CURRENT PERIOD AMORTIZATION (1 MONTH) -B * D	F JUL - DEC 2003 PRIOR PERIOD AMORTIZATION (1 MONTH)	I DIFFERENCE: EF	J END.ACCUM. AMORT.CIA C + (E*6)	
A SUBDIV	B GROSS CIA	C BEG.ACCUM. AMORT.CIA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D AMORT RATE FOR MONTH # 1				
298		10,560.62				6,056.04	5,869.48	186.56	
350	(58,534.00)	7,755.87	1.50	0.015	0.125%	73.17	73.17	-	8,194.89
351	(32,132.00)	3,219.53	1.50	0.015	0.125%	40.17	40.17	-	3,460.55
352	(1,500.00)	22.56	1.50	0.015	0.125%	1.88	1.88	-	33.84
353	(700.00)		1.50	0.015	0.125%	0.88	0.88	-	5.28
356	(48,093.12)	3,473.86	1.50	0.015	0.125%	60.12	60.12	-	3,834.58
360	(1,100.00)	147.54	1.50	0.015	0.125%	1.38	1.38	-	155.82
361	(1,099.00)	103.45	1.50	0.015	0.125%	1.37	1.37	-	111.67
362	(9,698.27)	1,283.43	1.50	0.015	0.125%	12.12	12.12	-	1,356.15
363	(8,729.00)	1,156.72	1.50	0.015	0.125%	10.91	10.91	-	1,222.18
364	(29,820.17)	3,498.20	1.50	0.015	0.125%	37.28	37.28	-	3,721.88
368	(92,918.94)	12,278.41	1.50	0.015	0.125%	116.15	116.09	0.06	12,975.31
369	(81,041.29)	10,751.02	1.50	0.015	0.125%	101.30	101.30	-	11,358.82
371	(36,846.00)	4,860.17	1.50	0.015	0.125%	46.06	46.06	-	5,136.53
372	(45,500.00)		1.50	0.015	0.125%	56.88		56.88	341.28
373	(84,728.00)	11,226.70	1.50	0.015	0.125%	105.91	105.91	-	11,862.16
375	(88,066.85)	10,949.84	1.50	0.015	0.125%	110.08	109.33	0.75	11,610.32
376	(30,851.38)	4,088.25	1.50	0.015	0.125%	38.56	38.56	-	4,319.61
378	(55,964.08)	7,412.22	1.50	0.015	0.125%	69.96	70.22	(0.26)	7,831.98
382	(202,236.24)	26,612.04	1.50	0.015	0.125%	252.80	254.30	(1.50)	28,128.84
384	(1,500.00)	198.66	1.50	0.015	0.125%	1.88	1.88	-	209.94
385	(3,610.00)	397.21	1.50	0.015	0.125%	4.51	4.51	-	424.27
391	(23,062.00)	2,029.09	1.50	0.015	0.125%	28.83	26.20	2.63	2,202.07
401	(28,976.00)	3,786.40	1.50	0.015	0.125%	36.22	36.22	-	4,003.72
402	(30,327.14)	4,018.69	1.50	0.015	0.125%	37.91	37.91	-	4,246.15
403	(292,798.17)	14,815.48	1.50	0.015	0.125%	366.00	328.12	37.88	17,011.48
405	(307,764.69)	18,374.62	1.50	0.015	0.125%	384.71	384.71	-	20,682.88
406	(229,796.70)	25,290.10	1.50	0.015	0.125%	287.25	287.25	-	27,013.60
422	(91,727.95)	12,154.20	1.50	0.015	0.125%	114.66	114.66	-	12,842.16
424	(40,675.00)	4,635.85	1.50	0.015	0.125%	50.84	50.84	-	4,940.89
443	(287,170.78)	33,600.60	1.50	0.015	0.125%	358.96	357.28	1.68	35,754.36
444	(19,069.00)	287.70	1.50	0.015	0.125%	23.84	23.84	-	430.74
459	(29,450.00)	812.48	1.50	0.015	0.125%	36.81	36.81	-	1,033.34
460	(2,328,112.79)	209,609.91	1.50	0.015	0.125%	2,910.14	2,821.70	88.44	227,070.75
461	(257,905.70)	31,064.58	1.50	0.015	0.125%	322.38	322.38	-	32,998.86
462	36,700.00	(3,579.90)	1.50	0.015	0.125%	(45.88)	(45.88)	-	(3,855.18)

UTILITIES, INC. CONSOL. AMORTIZATION OF CIA - WATER									
A	B	C	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D	E	F	I	J
SUBDIV	GROSS CIA	BEG.ACCUM. AMORT.CIA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	AMORT RATE FOR MONTH # 1	JUL - DEC 2003 CURRENT PERIOD AMORTIZATION (1 MONTH) -B* D	JAN - JUNE 2003 PRIOR PERIOD AMORTIZATION (1 MONTH)	6 MONTH DIFFERENCE E-F*F-6	END.ACCUM. AMORT.CIA C + (E*6)
298		10,560.62	1.50	0.015	0.125%	5,869.48	5,747.71	730.62	7,755.87
350	(58,534.00)	7,316.85	1.50	0.015	0.125%	73.17	73.17	-	3,219.53
351	(32,132.00)	2,978.51	1.50	0.015	0.125%	40.17	39.29	5.28	22.56
352	(1,500.00)	11.28	1.50	0.015	0.125%	1.88	1.88	-	5.28
353	(700.00)		1.50	0.015	0.125%	0.88	1.88	(6.00)	3,473.86
356	(48,093.12)	3,113.14	1.50	0.015	0.125%	60.12	48.87	67.50	147.54
360	(1,100.00)	139.26	1.50	0.015	0.125%	1.38	1.38	-	103.45
361	(1,099.00)	95.23	1.50	0.015	0.125%	1.37	1.37	-	1,283.43
362	(9,698.27)	1,210.71	1.50	0.015	0.125%	12.12	12.12	-	1,156.72
363	(8,729.00)	1,091.26	1.50	0.015	0.125%	10.91	10.91	-	3,498.20
364	(29,820.17)	3,274.52	1.50	0.015	0.125%	37.28	37.28	-	12,278.41
368	(92,868.94)	11,581.87	1.50	0.015	0.125%	116.09	116.09	-	10,751.02
369	(81,041.29)	10,143.22	1.50	0.015	0.125%	101.30	101.30	-	4,860.17
371	(36,846.00)	4,583.81	1.50	0.015	0.125%	46.06	46.06	-	11,226.70
373	(84,728.00)	10,591.24	1.50	0.015	0.125%	105.91	105.91	-	10,949.84
375	(87,466.85)	10,293.86	1.50	0.015	0.125%	109.33	107.85	10.08	4,088.25
376	(30,851.38)	3,856.89	1.50	0.015	0.125%	38.56	38.56	-	7,412.22
378	(56,178.08)	6,990.90	1.50	0.015	0.125%	70.22	69.89	-	26,612.04
381				0	0.000%	-	250.17	24.78	188.66
382	(203,436.24)	25,086.24	1.50	0.015	0.125%	254.30	1.88	-	397.21
384	(1,500.00)	187.38	1.50	0.015	0.125%	1.88	4.51	-	2,029.09
385	(3,610.00)	370.15	1.50	0.015	0.125%	26.20	24.45	10.50	3,786.40
391	(20,962.00)	1,871.89	1.50	0.015	0.125%	36.22	36.22	-	4,018.69
401	(28,976.00)	3,569.08	1.50	0.015	0.125%	37.91	37.91	-	14,815.48
402	(30,327.14)	3,791.23	1.50	0.015	0.125%	328.12	280.62	285.00	18,374.62
403	(262,498.17)	12,846.76	1.50	0.015	0.125%	384.71	384.71	-	25,290.10
405	(307,764.69)	16,066.36	1.50	0.015	0.125%	287.25	287.25	-	4,635.85
406	(229,796.70)	23,566.60	1.50	0.015	0.125%	114.66	114.66	-	33,600.60
422	(91,727.95)	11,466.24	1.50	0.015	0.125%	357.28	357.28	-	287.70
424	(40,675.00)	4,330.81	1.50	0.015	0.125%	23.84	23.84	-	812.48
443	(285,820.78)	31,456.92	1.50	0.015	0.125%	36.81	36.81	-	209,609.91
444	(19,069.00)	144.66	1.50	0.015	0.125%	2,766.45	2,766.45	331.50	31,064.58
459	(29,450.00)	591.62	1.50	0.015	0.125%	322.38	322.38	-	(4,130.46)
460	(2,257,360.29)	192,679.71	1.50	0.015	0.125%	2,821.70	2,766.45	-	
461	(257,905.70)	29,130.30	1.50	0.015	0.125%	322.38	322.38	-	
462	(36,700.00)	(3,855.18)	1.50	0.015	0.125%	(45.88)	(45.88)	-	

PERIOD ENDING: 12/31/03

UTILITIES, INC. CONSOL.
AMORTIZATION OF CIA - SEWER

AMORTIZATION OF CIA - SEWER						E	F		
A SUBDIV	B GROSS CIA	C BEG.ACCUM. AMORT.CIA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D AMORT RATE FOR MONTH #	CURRENT PERIOD	PRIOR PERIOD	I 6 MONTH DIFFERENCE: E*6-F*6	J END.ACCUM. AMORT.CIA C + (E*6)
						AMORTIZATION	AMORTIZATION		
						(1 MONTH)	(1 MONTH)		
						-B * D			
295	(62,016.00)	1,945.14	1.50	0.0150	0.125%	77.52	51.27	157.50	2,410.26
298		28,223.98				14,982.79	14,856.14	759.90	118,120.72
356	(33,896.00)	1,995.14	1.50	0.0150	0.125%	42.37	37.12	31.50	2,249.36
357	(20,031.00)	2,502.55	1.50	0.0150	0.125%	25.04	25.04	0.00	2,652.79
362	(70,465.00)	8,808.14	1.50	0.0150	0.125%	88.08	88.08	0.00	9,336.62
364	(48,701.41)	5,897.28	1.50	0.0150	0.125%	60.88	60.88	0.00	6,262.56
366	(112,788.66)	14,099.31	1.50	0.0150	0.125%	140.99	140.99	0.00	14,945.25
368	(139,455.00)	16,704.17	1.50	0.0150	0.125%	174.32	174.32	0.00	17,750.09
369	(131,808.87)	16,475.65	1.50	0.0150	0.125%	164.76	164.76	0.00	17,464.21
371	(17,000.00)	2,125.00	1.50	0.0150	0.125%	21.25	21.25	0.00	2,252.50
372	(196,464.12)	11,645.06	1.50	0.0150	0.125%	245.58	245.58	0.00	13,118.54
373	(155,765.00)	19,469.40	1.50	0.0150	0.125%	194.71	194.71	0.00	20,637.66
374	(3,375,488.03)	401,380.97	1.50	0.0150	0.125%	4,219.36	4,219.36	0.00	426,697.13
375	(230,333.69)	27,894.73	1.50	0.0150	0.125%	287.92	281.60	37.92	29,622.25
376	(126,812.95)	15,473.23	1.50	0.0150	0.125%	158.52	158.52	0.00	16,424.35
378	(128,030.28)	16,002.53	1.50	0.0150	0.125%	160.04	160.04	0.00	16,962.77
379	(102,030.69)	12,361.88	1.50	0.0150	0.125%	127.54	127.54	0.00	13,127.12
380	(66,344.37)	8,215.49	1.50	0.0150	0.125%	82.93	82.93	0.00	8,713.07
384	(11,100.00)	1,389.26	1.50	0.0150	0.125%	13.88	13.88	0.00	1,472.54
394	(82,600.00)	3,783.42	1.50	0.0150	0.125%	103.25	95.38	47.22	4,402.92
403	(379,768.05)	14,952.71	1.50	0.0150	0.125%	474.71	450.40	145.86	17,800.97
404	(104,277.25)	12,934.36	1.50	0.0150	0.125%	130.35	130.35	0.00	13,716.46
405	(361,312.89)	22,550.88	1.50	0.0150	0.125%	451.64	451.64	0.00	25,260.72
406	(418,156.70)	40,113.99	1.50	0.0150	0.125%	522.70	522.70	0.00	43,250.19
422	(42,433.82)	5,305.59	1.50	0.0150	0.125%	53.04	53.04	0.00	5,623.83
424	(31,200.00)	3,900.00	1.50	0.0150	0.125%	39.00	39.00	0.00	4,134.00
431	(627,638.65)	78,209.40	1.50	0.0150	0.125%	784.55	784.55	0.00	82,916.70
440	(31,742.23)	3,967.49	1.50	0.0150	0.125%	39.68	39.68	0.00	4,205.57
441	(112,237.13)	13,608.70	1.50	0.0150	0.125%	140.30	139.42	5.28	14,450.50
443	(320,758.76)	35,332.72	1.50	0.0150	0.125%	400.95	400.95	0.00	37,738.42
444	(31,350.00)	352.66	1.50	0.0150	0.125%	39.19	39.19	0.00	587.80
445	(70,218.24)	7,731.96	1.50	0.0150	0.125%	87.77	86.77	6.00	8,258.58
458	(658,055.93)	44,894.82	1.50	0.0150	0.125%	822.57	820.55	12.12	49,830.24
460	(3,227,779.19)	285,923.00	1.50	0.0150	0.125%	4,034.72	3,981.97	316.50	310,131.32
461	(458,142.50)	47,229.91	1.50	0.0150	0.125%	572.68	572.68	0.00	50,665.99

SEWER CIAC AMORTIZATION

PERIOD ENDING: 6/30/04
UTILITIES, INC. CONSOL.

AMORTIZATION OF CIA - SEWER

A SUBDIV	B GROSS CIA	C BEG.ACCUM. AMORT.CIA	AMORT RATE ANNUAL	AMORT RATE ANNUAL	D AMORT RATE FOR MONTH #	E JAN - JUNE 2004 CURRENT PERIOD AMORTIZATION (1 MONTH) -B * D	F JUL - DEC 2003 PRIOR PERIOD AMORTIZATION (1 MONTH)	I DIFFERENCE: E-F	J END.ACCUM. AMORT.CIA C + (E*6)
						1			
						0.125%			
295	(73,216.00)	2,410.26	1.50	0.0150	0.125%	91.52	77.52	14.00	2,959.38
298		28,223.98				15,007.41	14,982.79	24.62	118,268.44
356	(33,896.00)	2,249.36	1.50	0.0150	0.125%	42.37	42.37	0.00	2,503.58
357	(20,031.00)	2,652.79	1.50	0.0150	0.125%	25.04	25.04	0.00	2,803.03
362	(70,465.00)	9,336.62	1.50	0.0150	0.125%	88.08	88.08	0.00	9,865.10
364	(48,701.41)	6,262.56	1.50	0.0150	0.125%	60.88	60.88	0.00	6,627.84
366	(112,788.66)	14,945.25	1.50	0.0150	0.125%	140.99	140.99	0.00	15,791.19
368	(139,455.00)	17,750.09	1.50	0.0150	0.125%	174.32	174.32	0.00	18,796.01
369	(131,808.87)	17,464.21	1.50	0.0150	0.125%	164.76	164.76	0.00	18,452.77
371	(17,000.00)	2,252.50	1.50	0.0150	0.125%	21.25	21.25	0.00	2,380.00
372	(130,464.12)	13,118.54	1.50	0.0150	0.125%	163.08	245.58	(82.50)	14,097.02
373	(155,765.00)	20,637.66	1.50	0.0150	0.125%	194.71	194.71	0.00	21,805.92
374	(3,357,988.03)	426,697.13	1.50	0.0150	0.125%	4,197.49	4,219.36	(21.87)	451,882.07
375	(226,033.69)	29,622.25	1.50	0.0150	0.125%	282.54	287.92	(5.38)	31,317.49
376	(126,812.95)	16,424.35	1.50	0.0150	0.125%	158.52	158.52	0.00	17,375.47
378	(128,030.28)	16,962.77	1.50	0.0150	0.125%	160.04	160.04	0.00	17,923.01
379	(102,030.69)	13,127.12	1.50	0.0150	0.125%	127.54	127.54	0.00	13,892.36
380	(66,344.37)	8,713.07	1.50	0.0150	0.125%	82.93	82.93	0.00	9,210.65
384	(11,100.00)	1,472.54	1.50	0.0150	0.125%	13.88	13.88	0.00	1,555.82
394	(86,800.00)	4,402.92	1.50	0.0150	0.125%	108.50	103.25	5.25	5,053.92
403	(397,068.05)	17,800.97	1.50	0.0150	0.125%	496.34	474.71	21.63	20,779.01
404	(104,277.25)	13,716.46	1.50	0.0150	0.125%	130.35	130.35	0.00	14,498.56
405	(361,312.89)	25,260.72	1.50	0.0150	0.125%	451.64	451.64	0.00	27,970.56
406	(418,156.70)	43,250.19	1.50	0.0150	0.125%	522.70	522.70	0.00	46,386.39
422	(42,433.82)	5,623.83	1.50	0.0150	0.125%	53.04	53.04	0.00	5,942.07
424	(31,200.00)	4,134.00	1.50	0.0150	0.125%	39.00	39.00	0.00	4,368.00
431	(627,638.65)	82,916.70	1.50	0.0150	0.125%	784.55	784.55	0.00	87,624.00
440	(31,742.23)	4,205.57	1.50	0.0150	0.125%	39.68	39.68	0.00	4,443.65
441	(112,237.13)	14,450.50	1.50	0.0150	0.125%	140.30	140.30	0.00	15,292.30
443	(321,458.76)	37,738.42	1.50	0.0150	0.125%	401.82	400.95	0.87	40,149.34
444	(31,350.00)	587.80	1.50	0.0150	0.125%	39.19	39.19	0.00	822.94
445	(70,218.24)	8,258.58	1.50	0.0150	0.125%	87.77	87.77	0.00	8,785.20
458	(663,697.93)	49,830.24	1.50	0.0150	0.125%	829.62	822.57	7.05	54,807.96
460	(3,296,231.69)	310,131.32	1.50	0.0150	0.125%	4,120.29	4,034.72	85.57	334,853.06
461	(458,142.50)	50,665.99	1.50	0.0150	0.125%	572.68	572.68	0.00	54,102.07